

Weekend FT

Inside Section II  
16 pages



Flotsam of the cut-throat years

The financial buccaneers have founded. John Pender surveys the wreckage



Jigsaw puzzle island

The days drift by for Nicholas Woodworth on Mauritius

Page XI

Page IX



Owls and larks

Jock Murray (left), the publisher tells Christian Tyler there are two types of author

Page XVI

Page VII

# FINANCIAL TIMES



FT No. 31336

© THE FINANCIAL TIMES LIMITED 1990

Weekend December 22/December 23 1990

D 8523A

WORLD NEWS

## Hard fight to expand Kremlin authority

Soviet president Mikhail Gorbachev, battered by the resignation of his foreign minister Eduard Shevardnadze, looked at risk yesterday of failing to muster the necessary majority for sweeping new presidential powers.

Presidential advisers have been urging Gorbachev to support in the Congress of People's Deputies, where Mr Gorbachev's constitutional plan will need two-thirds backing.

Page 22 After Shevardnadze, Page 2

**Damages of £1.2m**  
Hugo Cassel, eight, was awarded record medical negligence damages of £1.2m for brain injuries he suffered at birth in a London hospital.

**Belgian court ruling**  
Belgian judges refused to accept that three IRA terrorist suspects on remand should be released on a technicality. The Irishmen were arrested after guns and ammunition were found in an Antwerp flat.

**Orders for airlift**  
The Israeli government ordered El Al, the national airline, to prepare all available aircraft to airlift Soviet Jews from eastern Europe. Six thousand immigrants are expected this weekend.

**Yugoslav defiance**  
Yugoslavia's northern republic of Slovenia is set to defy the central authorities by holding a plebiscite tomorrow. Voters will be asked whether they want Slovenian independence.

**Bucharest remembers**  
Romanians poured on to the streets of Bucharest in their thousands to commemorate victims of last December's revolution which toppled dictator Nicolae Ceausescu. Society in search of truth, Page 6

**Overnight removal**  
Albanians in the capital, Tirana, woke to find that Europe's last big statue of Soviet dictator Josef Stalin had been pulled down on government orders.

**Wife loses libel case**  
Sonia Sutcliffe, the Yorkshire Ripper's wife, lost her libel action against the News of the World newspaper and was ordered to pay costs estimated at about £200,000. Page 5

**Speedier CFC reduction**  
European Community environment ministers agreed to speed plans for phasing out the use of chlorofluorocarbons which destroy the ozone layer. They also approved a tax scheme to encourage the introduction of cars which produce less pollution. Page 3

**Ordered to testify**  
Former Greek socialist premier Andreas Panagiotou must give evidence in connection with a bank scandal, a special investigator said. Last month the former premier refused to testify.

**UN relief work halted**  
The United Nations was told by the Angolan government to suspend an emergency aid programme for up to 1.8m starving people because attacks by UNITA rebels had wrecked an important bridge on the relief route.

**Threat to newspaper**  
Post room staff at The Sun newspaper in London discovered a stick of gelignite and a three-page letter in a padded envelope sent from Australia. Scotland Yard said there was no detonator in the package.

BUSINESS SUMMARY

## UK trade gap narrows to £971m

The trade deficit has fallen to £971m, taking it below £1bn for the second time this year, according to yesterday's trade data for November from the Central Statistical Office.

The figures suggest that the UK's export performance is flagging in the recession. The deficit is at the top end of City expectations but better than the previous month's £1.1bn deficit. Page 22; Details, Page 4

**UK equity market continued**  
to move nervously against a background of international uncertainty, with little lasting response to the narrowing of the UK trade deficit. At the close, the FT-SE index was 5.5

points ahead at 2,164.4. London Stock Exchange, Page 13

**AWD and ERF** UK's last two independent truck makers which have suffered serious losses this year, have won orders for 2,442 trucks worth more than £70m from the government of Zimbabwe. Page 22; Lex, Page 22

**ELF ACQUISITION** The £200m acquisition of the UK refining and marketing assets of Amoco, US oil group, by the French state-controlled oil group has been referred to the Monopolies and Mergers Commission (MMC). Page 22

**BRIDGESTONE** Japanese tyre maker, announced a 50 per cent cut in its 1990 profits forecast from ¥20bn (£751m) to ¥10bn, caused mainly by heavier than expected losses at Firestone Tyre and Rubber, the US company it bought two years ago for \$2.5bn (£1.34bn). Page 10

**COCKERILL** Sambre and Arbed, steel producers of Belgium and Luxembourg, called off talks over pooling flat steel products businesses. Page 10

**ISOCELLS** A £237m refinancing of the UK company which took over the Gateway food retail group is virtually complete. Page 8

**GENERAL ACCIDENT** The Restrictive Practices Court ruled as unlawful a proposed boycott of the Perth-based insurer by The Institute of Insurance Brokers, which represents about 20 per cent of the UK's 4,500 brokers. Page 4

**AACHENER und Münchener Beteiligung** big German insurance group, has pumped a further DM250m (£87.10m) into BGL Bank, the struggling credit union bank in which it has a 51 per cent stake. Page 10

**CHARTERHALL** Administrative receivers were appointed to the Australian-controlled UK holding company for Tandem Shoes, the footwear retailer, and Corah, the textile manufacturer. Page 8

**BURMAH CASTROL** lubricants, fuels and chemicals group, won control of Poseco after institutional shareholders voted for the speciality chemicals and abrasives producer. Page 8; Lex, Page 22

**STOCK INDICES**  
FT-SE 100: 2,164.4 (+5.6)  
FT Ordinary: 1,688.4 (+1.2)  
FT-A All-Share: 1,039.42 (+0.2%)  
New York lunchtime: DJ Ind. Av. 2,637.13 (+7.67)  
S&P Comp 330.9 (+0.78)  
Tokyo: Nikkei 24,119.8 (-405.34)

**3-month interbank** closing 14% (1531)  
**Life long gilt future:** Mar 8931 (88%)

**LONDON MONEY**  
3-month Treasury Bill: yield: 8.73%  
Long Bond: 105.4  
yield: 8.25%

**STERLING**  
New York lunchtime: \$1.8857  
London: \$1.8875 (1.9075)  
DM2.98 (2.8025)  
FF9.7975 (9.7375)  
SF2.47 (2.4585)  
¥255.76 (257.25)  
£ index 92.8 (93.0)

**GOLD**  
New York: Comex Feb \$384.5  
London: \$382.15 (373.75)  
N SEA OIL (Argus) Brent Feb \$25.925 (26.7)

**Chief price changes** yesterday: Page 22

## Cheney says force to free Kuwait is increasingly likely

By David White and Victor Mallet in London and Lionel Barber in Washington

AN ALLIED offensive to liberate Kuwait looks increasingly likely because of Iraq's intransigence in the Gulf crisis, Mr Richard Cheney, the US defence secretary, told US troops in the Saudi Arabian desert yesterday.

"It increasingly looks like he [President Saddam Hussein] is not getting the message and we will have to use force to get him out," Mr Cheney said.

His views were echoed by Mr John Major during his first visit to Washington as Britain's prime minister. He said Iraq had to withdraw totally from Kuwait or be removed by force.

He raised the possibility that Mr Saddam might order a partial pull-out to split the US-led coalition, but predicted this would not work.

"He cannot play games. He has a clear date. He has the Security Council resolutions. Either he obeys them or he knows what the impact of not obeying them will be," Mr Major said.

It emerged yesterday that Britain will send almost 8,000 more troops to Saudi Arabia than was announced a month ago.

Turkey, in a statement underlining the determined mood of the anti-Iraq alliance,

confirmed that it had asked its Nato allies to send it three air squadrons - totalling about 40 aircraft - from a rapid reaction force. Belgium immediately said it was preparing a squadron of Mirages.

The US already has 24 F-16 fighters, 14 F-111 tactical strike aircraft and a number of F-15 fighters stationed at the Incirlik base in southern Turkey.

President Saddam, in a German television interview broadcast yesterday, said that Iraq would not withdraw from Kuwait before January 15, the deadline set by the United Nations.

Asked if Iraq would pull out, he said "No". But he also said the door to dialogue was still open.

He said Iraq would be willing to accept a settlement that would allow it to remain in Kuwait, but he would not accept any settlement that would allow it to remain in Kuwait.

Italy officials said President Chirac had informed his

hosts that Iraq would be willing to make unspecified concessions on Kuwait as long as it received guarantees that it would not be attacked.

President Saddam, Mr Chirac said, was concerned by the west's suggestions that a settlement should remove the threat to the region posed by Iraq's military might.

Britain's extra manpower for the Gulf is now put at 16,500, bringing total British ground forces to 28,000 and overall UK forces in the region, including sea and air, to 35,000. This includes more than 5,000 medical personnel.

Britain is for the first time resorting to Soviet transport aircraft to ensure all the equipment is in position before January 15.

A small number of Antonov An-124 heavy freight jets have been chartered on a civilian contract through Heavylift, a UK air cargo company, to carry certain large items of equipment.

The reinforcement, including 12,500 vehicles, involves 61 shiploads in addition to the 42 needed for the original deployment. Ships of at least 15 nationalities have been chartered at commercial rates.

Iraqi doctors, Page 3

## WPP cancels interim dividend

By Alice Rawsthorn

THE SHARE price of the WPP Group, the troubled marketing services company, tumbled yesterday by 11p to 57p, when it announced it would not be paying the interim dividend proposed to shareholders in August.

The company, which is suffering from a sharp drop in the US and UK advertising markets, also confirmed that it has begun discussions with its banks to restructure its £335m debt. These discussions are expected to cover the possibility of relating WPP's loan covenants and increasing its working capital facilities.

WPP is cutting overheads and reviewing central costs, including directors' pay. The main board of Seatchi & Saatchi, WPP's arch-rival which is also in financial trouble, took voluntary pay cuts earlier this year.

Until recently WPP, which became the world's largest marketing services group in a series of ambitious acquisitions during the 1980s under Mr Martin Storr, its chief executive, was seen as one of the most resilient members of the marketing industry.

Since spring, the stock market has been concerned about its financial stability. Last month WPP confirmed the stock market's suspicions by warning that its 1990 profits would not meet expectations.

The group's shares, worth more than £100m a year ago, have fallen sharply. Mr Neil Blackley, marketing analyst at James Capel in London, has revised his forecast for this year from pre-tax profits of £110m to £90m and anticipates a fall in profits to £82m for 1991.

WPP is now finalising the 1991 budgets for its subsidiaries, which include J. Walter Thompson and Ogilvy & Mather, two of the world's largest advertising agencies. WPP said that so far there has been no evidence of a deterioration in the performance of its operations since last month's profits warning.

The board has, however, decided to conserve cash by withdrawing its proposal to pay an interim dividend. Originally, it intended to raise the interim dividend by 21 per cent

to 13.7p. It now seems unlikely that it will pay a final dividend.

WPP, advised by Samuel Montagu, its merchant bank, is now in negotiations with its banks, led by J. P. Morgan, to restructure its debt. This year's fall in projected profits means the group will have a net outflow, rather than the net cash in 1990 and net debt will have risen to £315m by the year end, rather than the £280m originally expected.

The company is still operating within the terms of its banking covenants. This year's interest cover should be 3.2 times against a covenanted minimum of 2.5 times - but there is a risk of it breaching the covenants next year.

WPP said its major banks had "reaffirmed their support and commitment" and that it was "confident that suitable arrangements will be successfully concluded in the near future".

The issues under discussion include the relaxation of WPP's covenants, the extension of its loans and an increase in working capital arrangements.

Money Markets, Page 11  
London Stocks, Page 13  
Wall St, Pages 18 and 19

## Dollar gains from Soviet crisis

By Peter Norman, Economics Correspondent

THE US dollar emerged yesterday as the main beneficiary of Thursday's surprise resignation of Mr Eduard Shevardnadze, the Soviet foreign minister.

International investors switched funds out of the D-mark to push the US currency to its highest level in more than three months in Frankfurt, while in London trading it gained 3½ pence to close at DM1.525.

The pound also advanced against the D-mark, rising 1.75 pence to DM2.88, but against the dollar it dropped two cents to \$1.8875. Sterling remained the weakest currency in the European exchange rate mechanism, but was unaffected by news of November's fall in the UK current account deficit.

Concern about the possibility of political and economic turmoil in the Soviet Union weighed heavily on the D-mark, because investors are worried about united Germany's proximity to the USSR. Mr Shevardnadze's warning about the advance of dictatorship in the USSR evoked mem-

ories of the Cold War and raised fears that the economies of western Europe, and Germany in particular, could be swamped by Soviet refugees.

However, it was unclear last night whether the dollar's rise of nearly 5 pence in two days could be sustained. The dollar sagged at one point following reports that Iraq was willing to offer concessions on Kuwait to avert war.

Money Markets, Page 11  
London Stocks, Page 13  
Wall St, Pages 18 and 19



Mr John Major backed the US Defence Secretary's hard line over the Gulf with a warning to Saddam Hussein: "He cannot play games. He has a clear date." Mr Major also had a tough message for the US itself on his first visit to Washington as prime minister, calling for more flexibility over agricultural subsidies to help break the stalemate in trade talks. During his visit, Mr Major is scheduled to meet Congressional leaders and will stay at Camp David with President George Bush. Page 15

## Shops set to flout Sunday trade law

By Clay Harris

THOUSANDS of shops in England and Wales are preparing to flout Sunday trading laws tomorrow in spite of last-minute attempts by some councils to halt their opening.

Last Sunday, an extra 3,000 shops on top of the 80,000 newsagents who normally trade on Sundays were estimated to have opened for the Christmas rush. At least the same number are expected to open tomorrow.

Chain stores such as BHS, which plans to open 100 of its 138 branches, were even advertising Sunday opening in national newspapers. Other chains, including the John Lewis Partnership and House of Fraser, remained opposed to Sunday trading.

The Oxford Street Association, which represents big stores in London's busiest shopping street, said: "The association does not condone law-breaking, and though a couple of our members are doing so, our policy is not to open on Sundays."

The Shopping Hours Reform Council, which favours relaxation of Sunday trading laws, yesterday welcomed the announcement by the Keep Sunday Special action group, which opposes Sunday trading, that it was prepared to meet traders face-to-face if the government chairs the talks.

On Tuesday, Mr John Major, the prime minister, told the Commons that the time was approaching for compromise talks.

On Thursday, a dozen councils launched a legal campaign in the High Court to try to win orders to stop illegal opening. The Dillons group said that although it would observe rulings for the particular areas covered by court orders, it planned to have more stores open this weekend.

Keep Sunday Special estimated that at least half of the 400-plus local councils in England and Wales had taken action to stop stores opening in their areas on Sunday.

Festive divergence, Page 4

HAVE A VERY  
HAPPY  
CHRISTMAS AND  
A PROLIFIC  
NEW YEAR.

**Prolific**  
FINANCIAL MANAGEMENT  
Committed to your  
investment success

MARKETS

<b>STERLING</b> New York lunchtime: \$1.8857 London: \$1.8875 (1.9075) DM2.98 (2.8025) FF9.7975 (9.7375) SF2.47 (2.4585) ¥255.76 (257.25) £ index 92.8 (93.0)	<b>DOLLAR</b> New York lunchtime: DM1.529 FF9.7985 SF2.47 (2.4585) London: DM1.5255 (1.5005) FF9.7985 (9.7375) SF2.47 (2.4585) ¥255.76 (257.25) £ index 92.8 (93.0)	<b>STOCK INDICES</b> FT-SE 100: 2,164.4 (+5.6) FT Ordinary: 1,688.4 (+1.2) FT-A All-Share: 1,039.42 (+0.2%) New York lunchtime: DJ Ind. Av. 2,637.13 (+7.67) S&P Comp 330.9 (+0.78) Tokyo: Nikkei 24,119.8 (-405.34)
--	---	--

CONTENTS

Romania one year after Ceausescu ... 6	Appointments ... 13	Lex ... 22
A society in search of truth ... 6	Base Rates ... 11	London Options ... 9
Editorial Comment ... 6	Commodities Prices ... 10	Managed Funds ... 11, 14-17
The jury is still out ... 6	Commodities Review ... 10	Money Markets ... 11
Man in the news ... 6	Companies UK ... 8	Recent Issues ... 8
Nicholas Hardwick ... 6	Economic Diary ... 8	Share Information ... 10-21
European monetary union ... 7	FT Accurates ... 8	Stock Markets ... 13
Barry Riley's Ecu mania ... 7	World Foreign Exchange ... 10	Wall Street ... 18, 19
Sir Geoffrey Owen ... 6	Gold Markets ... 10	Bourses ... 18, 19
The safest pair of hands ... 6	Int. Companies ... 10	SE Dealings ... 12
	International News ... 23	UK News ... 4, 5
	Leader Page ... 6	General ... 4
	Letters ... 7	Weather ... 22

UK Stock Market Report 0200 42007, FOREX 0200 42008, Dollar 0200 42009, UK Company News 0200 42010. Calls charged at 33p/min. cheap rate, 40p/min at all other times. To obtain a free Cityline Share or Unit Trust directory, ring 071-825-5128.

## SOVIET UNION AFTER SHEVARDNADZE

## Resignation ignites debate on dictatorship

By Quentin Peel and Leyla Boulton in Moscow

RUMOURS that the Soviet Union is facing the possibility of a reactionary coup have been turned into a genuine political debate by the dramatic resignation of Mr. Eduard Shevardnadze, the foreign minister.

The Congress of People's Deputies, the national super-parliament where Mr. Shevardnadze dropped his bombshell accusation of looming dictatorship, was yesterday divided into opposing camps.

Those who might favour harsh right wing measures to tackle the growing national disorder deny that dictatorship is in the offing. Those who fear it are convinced that it is about to happen, if the process is not already under way.

"We are facing a creeping coup d'état," Professor Vladimir Chernyak, an economics professor from Kiev, told a sceptical congress yesterday. "Reactionaries, centrists and imperialists have joined forces and turned on the offensive. At the head of this coup d'état is Mikhail Gorbachev. Maybe he doesn't know it. But by demanding ever new powers he creates the legal basis for a dictatorship."

On the other hand, General Mikhail Moiseyev, chief of the Soviet general staff and deputy defence minister, denied anything like it was in prospect - and nor did the country need the declaration of a state of emergency.

Gen. Moiseyev was one of the leading signatories of a direct appeal to President Mikhail Gorbachev this week, urging him to use his presidential powers to impose states of emergency on zones of conflict. But he insisted that the powers should only be used in a limited way. As for Mr. Shevardnadze's resignation, he said: "I am very sorry he has done this at such an inappropriate time, when we need to be discussing more important tasks facing the congress."

## US and Europe divided over further aid to Soviet Union

By Lionel Barber in Washington

A SPLIT is emerging between the US and its European allies over whether to offer further economic aid to bolster the flagging reform process in the Soviet Union.

Though shaken by the resignation of Mr. Eduard Shevardnadze, the Bush administration is resisting French and German arguments that the Soviet foreign minister's departure lends urgency to a new aid package.

Soon after Mr. Shevardnadze's departure, both Mr. Hans-Dietrich Genscher, the German foreign minister, and Mr. Roland Dumas, the French foreign minister, issued appeals for further western assistance to salvage perestroika.

Mr. James Baker, US secretary of state and the driving force behind Washington's more accommodating foreign policy stand toward the Soviet Union, was openly hostile to the idea.

"I think we have taken very, very substantial steps to assist the reformers in the Soviet Union," he told reporters, just hours after hearing of Mr. Shevardnadze's resignation.

## German anxieties raised by Shevardnadze's resignation

By David Goodhart in Bonn

AFTER Mr. Hans-Dietrich Genscher, the German foreign minister, had recovered from the shock of Mr. Shevardnadze's resignation - "he had become a real friend," he went on German TV to criticise the lack of western economic support for the Soviet Union.

Yesterday the German Foreign Ministry was playing down the suggestion that Mr. Shevardnadze's disappearance could re-open old arguments within the western alliance about how far one should go in supporting the Soviet Union in its currently unstable form.

But Germany fears collapse or reaction in the Soviet Union more than most countries - "What will become of Germany?" was a headline in the mass-circulation Bild Zeitung yesterday morning - and insists that cash and economic aid is the best way of staving it off.

The Foreign Ministry yesterday said that Germany in 1990 had announced aid of DM26bn to the Soviet Union (some of it spread over several years) and by some estimates Germany is responsible for 80 per cent of western economic aid this year.

The private fund-raising to send emergency food and medical aid to the Soviet Union, which began in earnest at the beginning of December, has already raised several hundred



Col Victor Alkhis: a founder of the right wing Soyuz group

And yet the issue of dictatorship, or firm rule, or simply law and order, goes to the heart of the constitutional amendment that President Gorbachev has presented for approval by the congress. It is the fact that his new powers may become dictatorial, and involve the military and the KGB in law enforcement, which has alienated his reformist critics - including apparently Mr. Shevardnadze, his erstwhile closest ally.

Doubts also surround the purpose of the president's proposed new powers. Will they be used for introducing a market economy against the entrenched resistance of the old bureaucracy?

Or will they be used to prop up the old state-run economy as a less threatening alternative to market reforms? Will they be used to impose law and order swiftly and briefly where ethnic disturbances break out? Or will they be used, as the Baltic deputies fear, to suppress legitimate nationalist movements seeking secession from the Soviet Union?

In recent weeks Mr. Gorbachev has made regular concessions to those who believe that the old centralised economic

system must be supported, as a transitional phase to a market economy.

The danger, the market radicals argue, is that the ultimate goal will vanish into the future. The Soviet leader has also turned to rely increasingly on the support of conservatives in the military, the KGB and the Communist Party. The question raised by Mr. Shevardnadze is where the line can be drawn between genuine conservatives, and outright reactionaries wanting a return to one-party autocracy.

Mr. Nursultan Nazarbayev, president of Kazakhstan, and one of those demanding that the republics, not Moscow, should dictate the shape of the future union, said: "He is greatly exaggerating but the economic problems are serious." In his speech to the congress, he broadly supported stronger presidential powers, but in more federalist terms.

Professor Chernyak, speaking for the nationalists of the Ukraine, said he could not understand why President Gorbachev failed to see that it was through republican sovereignty, through genuine devolution of power, that the current crisis could be resolved.

On the other hand, Mr. Anatoly Sobchak, the mayor of Leningrad, and one of the radical reformers backing stronger presidential powers, did agree yesterday that there was a real danger of dictatorship. "I think this warning is more than obvious," he said. "Unless the central government and the republics signed an economic agreement by the end of the year, 'dozens and then hundreds of enterprises will close and all of us, democrats, radicals and conservatives, will go howling to the military and beg them to come and help us.'"

It is a change which may well worry Washington. Mr. Primakov is 61, urbane and well-travelled, with a wide knowledge of international affairs, especially of Asia and the Middle East.

In the past three years he has become a close adviser to Mr. Gorbachev, first as chairman of one chamber of the new Supreme Soviet, a key operator in guiding new legislation through the parliament, and then as a full member of the



Primakov at the Congress of People's Deputies yesterday

## Primakov tipped for foreign minister

By Quentin Peel

IF Mr. Eduard Shevardnadze cannot be persuaded to retract his resignation, then the man most widely expected to succeed him is Mr. Yevgeny Primakov, former journalist, commentator, Middle East expert and academic.

It is a change which may well worry Washington. Mr. Primakov is 61, urbane and well-travelled, with a wide knowledge of international affairs, especially of Asia and the Middle East.

In the past three years he has become a close adviser to Mr. Gorbachev, first as chairman of one chamber of the new Supreme Soviet, a key operator in guiding new legislation through the parliament, and then as a full member of the

Presidential Council.

He is also a competent broadcaster, a familiar sight on television firmly supporting the Gorbachev line on the need for national unity, and denouncing what he calls "the frenzy of pseudo-democratic sentiments".

Yet he is one of those figures in Soviet public life, and particularly in the Soviet foreign affairs community, who have made the transition from prominence under the old regime to prominence under the new. He was an able and forthright apologist for Soviet foreign policy under Brezhnev. Now he is an able and forceful operator of Soviet policy under Mr. Gorbachev.

His other potential disadvantage in western eyes is that he is a considerable Middle East specialist, with his contacts steeped in the years of super-power confrontation in the region.

He was a roving columnist and deputy editor of Pravda, the Communist Party newspaper, throughout the 1980s, covering Asia and Africa. Then he returned to academic life at Immo in 1970, rising to become deputy director. All his main publications have been on the Middle East, one earning him the Nasser Prize in 1978.

His Middle East expertise was one reason for American disquiet when, in the autumn, he was despatched by Mr. Gorbachev as a roving envoy to search for a peaceful settlement to the Gulf crisis.

is a considerable Middle East specialist, with his contacts steeped in the years of super-power confrontation in the region.

He was a roving columnist and deputy editor of Pravda, the Communist Party newspaper, throughout the 1980s, covering Asia and Africa. Then he returned to academic life at Immo in 1970, rising to become deputy director. All his main publications have been on the Middle East, one earning him the Nasser Prize in 1978.

His Middle East expertise was one reason for American disquiet when, in the autumn, he was despatched by Mr. Gorbachev as a roving envoy to search for a peaceful settlement to the Gulf crisis.

## Shevardnadze redeems himself among Georgians

By Leyla Boulton in Moscow

IT is unlikely that Mr. Eduard Shevardnadze will be heading back home for a quiet retirement in his native Georgia. There he is known as the jailer of Georgia's current president, as the former leader of a party which has all but collapsed, and as the representative of Soviet power when independence is now the battle cry.

"There will be no grave for Shevardnadze in Georgia," was how Mrs. Gamsakhurdia put it in an interview before her husband, Zviad, was elected president with a landslide majority last month. "He is a traitor."

As local party boss for 13 years until he became foreign minister, Mr. Shevardnadze won his spurs in Georgia for anti-corruption purges, revitalising economic growth and combatting Georgian nationalism.

He even told the 26th Communist Party Congress in 1991 that for Georgia, the sun rises not in the East but in the north, in Russia - "the sun of Lenin's ideas".

A grandfatherly figure with a tired, kindly face - his grand-daughter has been seen strolling all around hand in hand with the US ambassador's secretary - Mr. Shevardnadze's respected international image has no currency at home.

But his resignation on Thursday in protest against "the offensive of dictatorship" has done more to boost the 62-year-old Communist's image back home than anything else he could have said or done. While politicians in Moscow suddenly started referring to Mr. Shevardnadze's "typically Georgian" sense of honour, many of his compatriots may have decided he has redeemed himself.

"Gorbachev betrayed him. He left in good time," said Clara Abramia, a Georgian journalist in Moscow who openly professes deep admiration for the man. She believes Mr. Shevardnadze knew that President Gorbachev planned to remove him from the job of foreign minister, and propose him for a

vice-presidency which he did not want. Mr. Trymuras Stepanov, an aide, said that he believed that Mr. Shevardnadze would sooner or later return home even though he had no immediate plans to do so. "I can say his friends are more among the people than among groups," he said, acknowledging his lack of a political base in Georgia.

Indeed Georgia today is very different from the place Mr. Shevardnadze used to run as Moscow's man. Instead of a tightly-run communist bastion, it is now a powder-keg of political activity and nationalist feeling.

President Gamsakhurdia, sentenced to three years in jail for dissident activity under Mr. Shevardnadze's regime, has lost no time in trying to begin carrying out his promises of an independent Georgia. He has also been ruthless in dealing with internal ethnic problems.

Earlier this month, the newly-elected Georgian parliament simply abolished the troublesome autonomous region of South Ossetia when it proclaimed itself a republic. And it is precisely this sort of move, seen in Moscow as irresponsible, which fuels headline arguments for a crackdown on republics trying to break with Moscow.

Mr. Akaki Bakhradze, a pro-independence Georgian deputy at this week's Congress of People's Deputies, said Mr. Shevardnadze's departure was extremely worrying. "This means that there is going to be a dictatorship," he said. Mr. Akaki Bakhradze, a Lithuanian observer at the congress, was more pragmatic. He said Mr. Shevardnadze's resignation was simply a logical consequence of the Soviet system.

"There is no such thing as socialism with a human face. It can only be socialism with a human mask and that mask is falling off," the Lithuanian said. "Shevardnadze sees it but he doesn't understand why. What he accomplished yesterday was political self-immolation. He's desperate but naive."

There is no such thing as socialism with a human face. It can only be socialism with a human mask and that mask is falling off," the Lithuanian said. "Shevardnadze sees it but he doesn't understand why. What he accomplished yesterday was political self-immolation. He's desperate but naive."

## Israel orders airlift of immigrants

By Judy Maltz in Jerusalem

THE Israeli government yesterday ordered the national airline, El Al, to prepare all available planes for transporting Soviet Jews from transit points in eastern Europe. Fifteen planes carrying 6,000 immigrants are expected in Israel this weekend.

A sharp increase in numbers wanting to emigrate is expected following the resignation of Mr. Eduard Shevardnadze.

Recently, the number of Soviet immigrants arriving each day has ranged between 500-1,000.

Mr. Benjamin Netanyahu, the deputy foreign minister, said yesterday immigration over the next year could double to one million, amid fears that the Soviet Union might, once again, restrict emigration.

"If, in fact, the Soviet regime collapses, as Mr. Shevardnadze predicted, I don't rule out a sharp increase in Soviet immigration. In other words, if we had planned on half a million immigrants in the coming year, a radical change in the Soviet Union might mean a doubling of that number," said Mr. Netanyahu.

A record 180,000 Soviet Jewish immigrants are expected to arrive in Israel by the end of this year. A sharp increase in the pace of immigration would undoubtedly strain the economy, particularly in the areas of housing and job creation.

Israel's 1991 budget anticipates the arrival of 300,000 immigrants next year. To finance the increased spending required to absorb these immigrants - about \$7bn - the government was forced to raise value added tax from 16 per cent to 18 per cent and to introduce a special 5 per cent levy on income tax.

The Treasury has come under sharp criticism from the central bank for basing the budget on an unrealistically low number of immigrants.

Mr. Abdullah Hourani, an official of the Palestine Liberation Organisation, said yesterday the PLO hoped that with the resignation of Mr. Shevardnadze Moscow would abandon "provocative" Middle East policies and distance itself from the US. Reuter reports.

Iran did not respond officially to the resignation of Mr. Shevardnadze, who backed Washington in the Gulf crisis, but newspaper reports showed Baghdad's displeasure with his support for the US.

## Economic reform needs answer to devolution power battle

By Michael Prowse in Washington

ECONOMIC reform in the Soviet Union would "require an early and effective clarification of the division of responsibilities between the union and the republics", the world's leading financial institutions said yesterday.

In the short run, restoration of financial stability would also require deep cuts in the government's budget deficit, currently running at 8 per cent of gross domestic product, the absorption of excess monetary holdings, a strong hold on credit creation, and moves toward positive real interest rates.

An incomes policy to guide wage developments would also be "indispensable" during a transition to a market-based economy - to provide "both a floor and a cap on wages increases." It would need to be supported by a social safety net, including unemployment compensation, to protect the most vulnerable.

The study, requested by world leaders at the Houston economic summit in July and jointly written by the International Monetary Fund, World Bank, OECD and European Bank for Reconstruction and Development, makes a gloomy forecast for the Soviet economy in 1991.

Unchanged policies, output is likely to fall by 5 per cent or more and inflation to exceed 40 per cent. Price subsidies are set to double while tax receipts stagnate. The government deficit is likely to reach 50bn roubles - almost double the level envisaged in the Soviet draft budget. Monetary growth meanwhile is set to accelerate, exacerbating the existing monetary "overhang".

The study forecasts a fall in Soviet manufactured exports next year as well as a sharp reduction in oil exports. It envisages a current account deficit with hard currency countries of between \$10bn and \$17bn. Allowing for a surplus with eastern Europe and debt repayments due in 1991, it projects an overall Soviet financing gap of between \$6.6bn and \$9.9bn.

The report says a transformation of the Soviet economy is "bound to be extraordinarily complex" and take years to complete. It will require three closely related elements: macroeconomic stabilisation, price reform coupled with increased domestic and external competition, and ownership reform.

But the authors warn that most aspects of economic reform depend upon "prior, essentially political" decisions. Attempts to restructure the economy are coinciding with a "major decentralisation of political authority."

There is thus "an urgent need for a new Union Treaty to determine the allocation of powers and responsibilities or, at least, for formal agreement between the union and the republics on the most pressing issues."

The report says conservative approaches to reform, with gradual adjustment of prices and few structural changes, would almost certainly fail. They would lead to "growing macroeconomic imbalances, increasingly severe shortages and rising black market prices."

The study thus favours a radical approach in which the budget deficit is rapidly reduced to 2 or 3 per cent of GDP, most prices are immediately deregulated and small enterprises are privatised. An initial sharp fall in production and employment would be unavoidable but the scene would be set for a rapid future recovery.

The transition could be cushioned by temporary controls on the prices of public utilities and housing rents and a system of "border taxes" to give industries time to adjust to the world prices of energy and other crucial inputs.

The rest of the world can best help by providing technical assistance and a scale and carefully targeted food aid, and by supporting the introduction of a comprehensive reform programme.

at least, for formal agreement between the union and the republics on the most pressing issues."

The report says conservative approaches to reform, with gradual adjustment of prices and few structural changes, would almost certainly fail. They would lead to "growing macroeconomic imbalances, increasingly severe shortages and rising black market prices."

The study thus favours a radical approach in which the budget deficit is rapidly reduced to 2 or 3 per cent of GDP, most prices are immediately deregulated and small enterprises are privatised. An initial sharp fall in production and employment would be unavoidable but the scene would be set for a rapid future recovery.

The transition could be cushioned by temporary controls on the prices of public utilities and housing rents and a system of "border taxes" to give industries time to adjust to the world prices of energy and other crucial inputs.

The rest of the world can best help by providing technical assistance and a scale and carefully targeted food aid, and by supporting the introduction of a comprehensive reform programme.

The study thus favours a radical approach in which the budget deficit is rapidly reduced to 2 or 3 per cent of GDP, most prices are immediately deregulated and small enterprises are privatised. An initial sharp fall in production and employment would be unavoidable but the scene would be set for a rapid future recovery.

The transition could be cushioned by temporary controls on the prices of public utilities and housing rents and a system of "border taxes" to give industries time to adjust to the world prices of energy and other crucial inputs.

The rest of the world can best help by providing technical assistance and a scale and carefully targeted food aid, and by supporting the introduction of a comprehensive reform programme.

The study thus favours a radical approach in which the budget deficit is rapidly reduced to 2 or 3 per cent of GDP, most prices are immediately deregulated and small enterprises are privatised. An initial sharp fall in production and employment would be unavoidable but the scene would be set for a rapid future recovery.

The transition could be cushioned by temporary controls on the prices of public utilities and housing rents and a system of "border taxes" to give industries time to adjust to the world prices of energy and other crucial inputs.

The rest of the world can best help by providing technical assistance and a scale and carefully targeted food aid, and by supporting the introduction of a comprehensive reform programme.

The study thus favours a radical approach in which the budget deficit is rapidly reduced to 2 or 3 per cent of GDP, most prices are immediately deregulated and small enterprises are privatised. An initial sharp fall in production and employment would be unavoidable but the scene would be set for a rapid future recovery.

The transition could be cushioned by temporary controls on the prices of public utilities and housing rents and a system of "border taxes" to give industries time to adjust to the world prices of energy and other crucial inputs.

at least, for formal agreement between the union and the republics on the most pressing issues."

The report says conservative approaches to reform, with gradual adjustment of prices and few structural changes, would almost certainly fail. They would lead to "growing macroeconomic imbalances, increasingly severe shortages and rising black market prices."

The study thus favours a radical approach in which the budget deficit is rapidly reduced to 2 or 3 per cent of GDP, most prices are immediately deregulated and small enterprises are privatised. An initial sharp fall in production and employment would be unavoidable but the scene would be set for a rapid future recovery.

The transition could be cushioned by temporary controls on the prices of public utilities and housing rents and a system of "border taxes" to give industries time to adjust to the world prices of energy and other crucial inputs.

The rest of the world can best help by providing technical assistance and a scale and carefully targeted food aid, and by supporting the introduction of a comprehensive reform programme.

The study thus favours a radical approach in which the budget deficit is rapidly reduced to 2 or 3 per cent of GDP, most prices are immediately deregulated and small enterprises are privatised. An initial sharp fall in production and employment would be unavoidable but the scene would be set for a rapid future recovery.

The transition could be cushioned by temporary controls on the prices of public utilities and housing rents and a system of "border taxes" to give industries time to adjust to the world prices of energy and other crucial inputs.

The rest of the world can best help by providing technical assistance and a scale and carefully targeted food aid, and by supporting the introduction of a comprehensive reform programme.

The study thus favours a radical approach in which the budget deficit is rapidly reduced to 2 or 3 per cent of GDP, most prices are immediately deregulated and small enterprises are privatised. An initial sharp fall in production and employment would be unavoidable but the scene would be set for a rapid future recovery.

The transition could be cushioned by temporary controls on the prices of public utilities and housing rents and a system of "border taxes" to give industries time to adjust to the world prices of energy and other crucial inputs.

The rest of the world can best help by providing technical assistance and a scale and carefully targeted food aid, and by supporting the introduction of a comprehensive reform programme.

The study thus favours a radical approach in which the budget deficit is rapidly reduced to 2 or 3 per cent of GDP, most prices are immediately deregulated and small enterprises are privatised. An initial sharp fall in production and employment would be unavoidable but the scene would be set for a rapid future recovery.

The transition could be cushioned by temporary controls on the prices of public utilities and housing rents and a system of "border taxes" to give industries time to adjust to the world prices of energy and other crucial inputs.

## 21 soldiers hurt in ethnic fight

A FISTFIGHT among ethnic groups in an army battalion stationed in the Ukraine resulted in a gunbattle that injured at least 21 soldiers, news reports said yesterday. AP reports from Moscow.

Fighting broke out Thursday among members of a railroad battalion stationed in Chop, on the Ukrainian border with Czechoslovakia, the Tass news agency said in a report based on local newspaper and the Ukrainian news agency.

"An inter-ethnic quarrel broke out among Armenian, Azeri, Chechen, Dagestani, Ossetian, Tatar, Uzbek and Turkmen soldiers, who began shooting at each other," the Tass report said.

Tass, quoting the Ukrainian newspaper Rukh, said the fighting lasted several hours and that 21 soldiers were hospitalized "with grave injuries", including nine with gunshot wounds. It said several officers were also wounded in the shoot-out.

The independent news agency Interfax said at least 100 soldiers were involved in the brawl. It said most of the injuries occurred when a guard unit accompanying an officer trying to break up the fight opened fire.

Tass said: "The men of the guard squad acted efficiently in night-time conditions and shot only at the legs of attackers in order not to kill them."

Interfax said the military procurator in the Ukraine has ordered an investigation.



Genscher: shocked

million DM-Marks. Mr. Genscher said in a radio broadcast yesterday that the west must "prick up its ears" and listen to the message that Mr. Shevardnadze is trying to send. "We are already supporting the economic reforms massively but I think that other western countries should also recognise that the success of the Soviet reforms have enormous importance for them," he said.

Apart from a passion for reconciliation with a victim of Nazi aggression, and gratitude for Soviet agreement to reunification, Bonn has a more practical interest in stability: there

are still 2m Soviets of German descent who have a right to settle in Germany, 150,000 of them have already done so this year.

If full freedom to travel is allowed several million more Soviet citizens may be knocking on the door of Germany - a country which is relatively close and has become a symbol of wealth and hope.

There are further anxieties. It was pointed out in Bonn yesterday that Moscow has not yet ratified the 2 plus 4 agreement on the external aspects of German unity, although the Foreign Ministry is confident it will be ratified in February.

The Bonn Government yesterday regretted the resignation but welcomed that Soviet foreign policy would not change. It also said it was convinced that further aid to help Soviet reforms was the only answer, the opposition Social Democrats said the same.

Some newspapers commentators claimed that by not doing enough the west was partly responsible for Mr. Shevardnadze's resignation. An article in the influential Die Zeit, however, questioned whether the Soviets were doing enough to help themselves and claimed that the Soviet defence budget is rising not falling and that the military is producing five new types of inter-continental missiles.

The Financial Times (Europe) Ltd. Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Quintessence) 24, 5000 Frankfurt, Main 11, Telephone 069-75980, Fax 069-722677, Telex 416193, represented by E. Hupp, Frankfurt/Main, and its members of the Board of Directors: R.A.F. McCann, G.T.S. Damer, A.W. Miller, C.E.P. Palmer, London, Primary Frankfurt Societys-Directors: G.M.B.H. Frankfurt/Main, Responsible Editor: Sir Geoffrey Owen, Financial Times, Number One Southview Bridge, London SE1 9HT, The Financial Times Ltd, 1990.

Registered office: Number One Southview Bridge, London SE1 9HT. Company incorporated under the laws of England. Main shareholders: The Financial Times Limited, The Financial Times Limited, 165 Rue de Rivoli, 75004 Paris Cedex 01, Tel: (01) 4297 0621; Fax: (01) 4297 0629; Editor: Sir Geoffrey Owen, Financial Times, 1148-2733, Commission Paritaire No 67888D.

Financial Times (Scandinavia) Otegrade 44, DK-1100 Copenhagen, Denmark. Telephone 033 15 44 41, Fax (33) 933335.

ardnadze  
ems himself  
ng Georgian

ardnadze  
ems himself  
ng Georgian

wer  
21 sold  
hurt in  
ethnic f

INTERNATIONAL NEWS

# EC speeds up plans to phase out use of CFCs

By David Gardner in Brussels

THE European Community yesterday speeded up its plans to phase out the use and production of ozone layer-depleting chemicals, chlorofluorocarbons (CFCs).

It also approved a tax incentive scheme to accelerate the introduction of more advanced catalytic converters in cars than the ones which late Thursday night it bound member states to start using by 1992.

EC environment ministers agreed unanimously to cut by 85 per cent the amount of CFCs produced within Community borders by July 1, 1995, and to phase them out altogether by mid-1997.

This is 2 1/2 years ahead of the date to which the EC committed itself under the so-called Montreal Protocol, which was affirmed at June's environment summit in London. Ministers also mandated

the European Commission to examine interim taxes on CFCs - chemicals widely used in cleaning products, refrigeration and air conditioning - to inhibit their use even more quickly.

There will be temporary exemptions for medical aerosols which need CFCs, such as asthma inhalers. Related products with even greater ozone depletion potential like carbon tetrachloride will also be phased out, except as a controlled feedstock for CFC substitutes.

Mr Carlo Ripa di Meana, EC Environment Commissioner, beaming in bright green-rimmed spectacles, said: "We sincerely hope Japan and the US will be able to go along with us on this." The US, in particular, has made clear that it has difficulties in meeting the original CFC commitments of the Montreal Protocol.

The new car emission standards agreed by the ministers, by contrast, are an attempt to catch up with, and eventually surpass, current US standards.

All new cars will have to be fitted with three-way catalytic converters by January 1, 1993, while new models will have to comply five months earlier.

This will reduce average car pollutant emissions - such as carbon monoxide and oxides of nitrogen - by about three quarters.

Ministers had been unable to agree this measure at a late-night council in October. Yet in a display of green Yuletide unanimity, they yesterday strengthened it significantly by agreeing on tax incentives from 1994. This will enable the Community to progress more quickly to the even stricter standards due to be brought in two years later.

## NEWS IN BRIEF

### EC makes concession on farm trade

The European Community yesterday decided to grant the US a one-year extension of compensations for reduced corn exports into Spain and Portugal, avoiding a costly transatlantic trade war, AP reports from Brussels.

The 12 EC member states approved without much discussion the concession proposed by the Commission, which was aimed at averting US retaliatory measures.

Yesterday's temporary settlement froze for one year one of three farm disputes that currently mar trade relations between the two. The move was also expected to facilitate attempts aimed at getting the world trade talks going again.

### Embargo broken

The US embassy has given Bonn a list of 50 German companies suspected of breaking a UN embargo against Iraq, Reuters reports from Bonn.

Mr Dieter Vogel, the government spokesman, said the list was submitted this week, but gave no details on what products had allegedly been shipped to Iraq.

Mr Vogel said an initial check of the companies failed to uncover any evidence of violations of the UN embargo.

### Record harvests

There were record cereal harvests in many parts of the world in 1989, but famine still threatens parts of Africa, the head of the UN Food and Agriculture Organization said yesterday, AP reports from Rome.

"For the first time in four years, the world will produce more food than it consumes and can begin to replenish cereal stocks," said Mr Edouard Saouma, director-general, in his annual end-of-year speech.

### Currency curbs

The Yugoslav government has ordered banks to restrict sales of foreign currency temporarily to protect the country's hard currency reserves.

Mr Branko Zekan, the finance minister, said yesterday, Reuters reports from Belgrade.

He said the government also decided to limit Yugoslavs to taking a maximum of 1,000 marks (1500 dollars) out of the country. The move followed a sharp increase in withdrawals of hard currency from banks.

### Romania remembers

Tens of thousands of Romanians poured onto the streets yesterday to commemorate victims of last December's revolution which toppled former President Nicolae Ceausescu, Reuters reports from Bucharest.

People packed the main squares in Bucharest, Timisoara and other towns to pay tribute to more than 1,000 victims of the bloodiest anti-Communist uprising in Eastern Europe.

The ceremony in Bucharest turned into anti-government protests as crowds in the city's University Square demanded the resignation of President Ion Iliescu and his ruling National Salvation Front (NSF) government.

A society in despair, Page 6

# Iraq doctors steel themselves for fresh casualties

By Richard Tomkins in Basrah

A MONUMENT in front of the general hospital in Basrah, just 30 miles away from Iraq's border with Kuwait, tells how medical staff treated 54,481 casualties during the eight-year war with Iran.

Now they are refusing admission to non-urgent cases and clearing the wards to prepare for a further stream of casualties if another war breaks out on their doorstep.

Basrah, Iraq's second biggest city with a population of 1.3 million, suffered cruelly during the last Gulf war. Even closer to the Iranian border than to Kuwait's, it found itself at the centre of the battle zone and came under severe bombardment.

For the resilience of its predominantly Shi'ite Muslim population was the more remarkable for the fact that they were standing fast against their Shi'ite cousins over the border.

When the war ended in 1978, President Saddam of Iraq rewarded Basrah by embarking on a programme of reconstruction. Its fruits are visible today in a smattering of newly-built low-rise apartment blocks, industrial estates, expressways, shopping centres and mosques.

The work, however, is far from complete and now it has been cut short by a crisis which, ironically, has thrust Basrah once again into the front line of possible conflict - this time facing south instead of east.

If the people of Basrah are despondent about this, they were wearing it well yesterday. Shoppers thronged the well-stocked souks and families enjoying the Friday holiday rented pleasure boats by the hour for trips up and down the Shatt al-Arab.

Under the approving eye of Information Ministry officials, the citizens gave their unanimous view that Kuwait was irrevocably part of Iraq, even if it meant going to war.

"Look at the people around you," said a 23-year-old school-teacher. "Does it look as though people are afraid? After eight years of war with Iran there is nothing left for us to fear."

The greater test of Basrah's allegiance, however, may come not with the present threat of war but with whatever follows.

Like all Iraqis, the people of Basrah are suffering financial hardship, even before any conflict, from rising prices caused by economic sanctions.

Another war which left their sacrifices unrewarded could test their loyalty, as well as their city, to destruction.



Thomas Pickering, the US ambassador to the UN votes for the resolution criticising Israel

# US 'succumbed to Arab pressure' says Israel

By Judy Meltz in Jerusalem

ISRAELI yesterday attacked the US for backing a UN Security Council resolution condemning Israeli policy towards Palestinians in the West Bank and Gaza.

But high-level officials said they were relieved the resolution made no mention of an international peace conference on the Middle East, which Israel staunchly opposes.

The US resolution deplored Israel's resumption of deportations and called for steps to monitor Israeli policy in the West Bank and Gaza Strip.

Mr Levy said Israel would not agree to any such measure. "If something new is set up without Israel's agreement, it has no status."

its Arab allies. "The American obsession is that if it would be objective and side with Israel, the coalition could start falling apart. We think otherwise, because these Arab states need America more than America needs them."

The UN resolution deplored Israel's resumption of deportations and called for steps to monitor Israeli policy in the West Bank and Gaza Strip.

Mr Levy said Israel would not agree to any such measure. "If something new is set up without Israel's agreement, it has no status."

# Japan electronics groups see slower growth in 1991

By Robert Thomson in Tokyo

THE JAPANESE electronics industry expects that a slowdown in international economic growth and the uncertainty created by the Gulf crisis will mean a modest 6.7 per cent increase in total production value next year.

An annual forecast released yesterday by the Electronic Industries Association of Japan (EIAJ) suggested production growth will be higher than the 4.6 per cent estimated for 1990, but market conditions are turning less favourable.

The EIAJ expects 3 per cent growth in production of consumer electronic equipment (compared to 3.8 per cent this year), 7.5 per cent growth in industrial electronic equipment (4.3 per cent), and 7.4 per cent growth in components and devices (5.5 per cent).

The association expects that strong domestic demand will provide a firm base for consumer electronics sales, but that "the effect of a dwindling teenage population in Japan will likely prevent a recovery in audio equipment production."

# French trade deficit narrows

By William Dawkins in Paris

FRANCE's foreign trade deficit beat market expectations to narrow sharply for the second month running in November.

Last month's seasonally adjusted trade gap of FF8,000m (€1.21bn) compares with the FF8,700m published in October, according to provisional figures released by French customs yesterday. This brings the shortfall for the first 11 months of the year to FF39,800m, slightly lower than the FF41,600m in 1989.

November's improvement is a sign of the slowdown in the French economy, shown in a drop in demand for imported goods, but also reflects the natural irregularity of French industrial trade, said Mr Robin Hubbard, chief economist for Paribas Capital Markets Group.

He estimates that the underlying trend is still for a FF40m to FF50m monthly trade deficit, indicating that the full year shortfall could come out at around FF450m, slightly more than last year's FF430m.

"Given the increase in oil prices, that is a reasonable performance," he said.

Exports fell 1.6 per cent in November to FF100,200m, from FF102bn the previous month, while imports dropped more sharply, by 7.3 per cent to

FF100,800m from FF106,800m in October. The November industrial account was almost in balance, with a small deficit of FF181m, as against the FF430m industrial deficit of the previous month. France's surplus on sales of defence equipment rose from FF2,700m to FF3,900m.

The deficit with the rest of the European Community fell to FF1,300m last month, which compares with the FF2,800m average for the previous 12 months, while its trade shortfall with the US was FF2,800m, a decline on October but more or less in line with the FF2,600m 12-month average.

ment of Mr Hun Sen and the resistance coalition of guerrilla movements (including the Khmer Rouge), as part of the UN peace plan.

But the rival factions have not yet agreed on the implementation of the plan. The Phnom Penh government, in particular, is unwilling to hand over such powers to the UN.

Mr Hun Sen, the Phnom Penh prime minister, said on his arrival that a UN role was necessary but should be strictly limited.

Mr Dumas warned that the international community could not be expected to concentrate on the war-torn country indefinitely; other priorities would call for attention.

# Time 'running out for peace' in Cambodia

By George Graham and John Pedler in Paris

MR Roland Dumas, France's foreign minister, yesterday issued a stern warning that time was running out in the search for peace in Cambodia.

He made the remarks as talks opened in Paris between the rival Cambodian factions.

The talks are intended to give new momentum to the peace plan proposed by the five permanent members of the United Nations Security Council, which would involve handing over broad powers to a transitional UN administration to implement a ceasefire and supervise free elections.

Yesterday's meeting involved the members of the Cambodian Supreme National Council, which brings together both the Phnom Penh govern-

ment of Mr Hun Sen and the resistance coalition of guerrilla movements (including the Khmer Rouge), as part of the UN peace plan.

But the rival factions have not yet agreed on the implementation of the plan. The Phnom Penh government, in particular, is unwilling to hand over such powers to the UN.

Mr Hun Sen, the Phnom Penh prime minister, said on his arrival that a UN role was necessary but should be strictly limited.

Mr Dumas warned that the international community could not be expected to concentrate on the war-torn country indefinitely; other priorities would call for attention.

# Marchais wins solid backing

By George Graham in Paris

FRANCE's Communists have voted to carry on regardless, with a solid display of confidence in Mr Georges Marchais, the 70-year-old hardliner who has been the party's secretary-general since 1972.

Dissent within the party has been rising steadily over the last year, but Mr Marchais has retained an iron control over the party's mechanisms and carried off last week's party con-

gress with scarcely a ripple of protest.

This was not quite the orchestrated performance of yesterday. Above all, the voting was not unanimous.

Of 1,586 delegates, only one voted against Mr Marchais's report although 16 abstained, including Mr Piterman and only three against policy resolution proposed by the central committee.

# Thais turn on to festive profits

Paul Taylor samples Christmas where Santa rides an elephant

I WAS doing quite well, suspending reality. That was until Santa Claus rode into my youngest daughter's kindergarten Christmas pageant on the back of an elephant.

It wasn't the elephant that was out of place - at the right times of year you can see them being led down Sukhumvit Road in central Bangkok - it was Santa. It was 27C outside his red and white suit, and a lot hotter inside.

Santas have a hard time in Bangkok. The brave chap who visited the kids at the Foreign Correspondent's Club of Thailand had to enter the party room on the 22nd floor atop the Dusit Thani hotel from the balcony. There is a dire shortage of chimneys in Thailand - but not apparently Santas.

Christmas trees fare little better. A "real" Christmas tree costs baht2,300 (\$45) and upwards. They are star prizes in Christmas raffles for the "farangs" (foreigners). But even then they are not quite the familiar fir from northern Europe or North America.

These are tropical Christmas trees, and if clothing were to equate to needles they have taken off far more than any half-way decent "farang" would ever dare in the Buddhist country of 65m people - except perhaps in the upstairs rooms of the bars of infamous Pattaya.

The big - and as an ex-resident of both London and New York I do mean BIG - depart-

ment stores in Bangkok (which are mostly Japanese owned) all have Christmas lights, and the biggest Christmas tree.

I'm not sure which store won this year - and it probably does not matter. In a country where corruption, both major and petty, is endemic I am pretty certain any tape measure would have been "doctored" anyway.

I do know that a not-so-friendly gun-packing policeman on Petchaburi Road has already got his "Christmas Box".

In the space of two minutes seconds he collected baht 200 (slightly less than a tenth of his monthly wage) from two unfortunate cars which went down the road at 12.05pm - at noon the lane directions had changed - to avoid another of Bangkok's notorious two hour traffic jams. But at least he seemed happy with the baht 100 both drivers handed over with their licences - and the "tea money" was cheaper than the otherwise obligatory baht 500 fine.

The "leglets" (small lizards which are being imported and sold to East Side New Yorkers for \$20 a piece under the misapprehension that they eat roaches) are also having a good Christmas. It is dry here and the flies are out in force. Who said there is no such thing as a free Christmas dinner?

Tropical Christmas is a special experience. It seems

odd that the tinsel on our (artificial) Christmas tree should have been put up not because of the up current created by a log fire, but because the air conditioning is on full blast.

It also seems strange that in Thailand where 85 per cent of the population are Buddhists and less than one per cent are Christians, that Christmas should be marked at all. On Christmas Day the shops, government offices and the other-wise deeply depressed stock exchange will be open. But in booming Bangkok entrepreneurial citizens do not miss any chance to make a buck, a yen or even a pound sterling.

This year the country's GNP will rise by a conservative 9.35 per cent following two years of double digit real economic growth and consumer spending, and debt has been rising even faster. Sure a slowdown is coming - but there are few signs of it yet.

Even if there were it is unlikely it would make much difference. Like the rural farmers who have made millions selling out rice paddies to developers in the last few years - only to drink or gamble away the lot, Bangkokians have a robust attitude towards money.

As the figures show they don't save it, they spend it - on anything and everything. This Christmas the growing Thai middle classes are buying the kids Nintendo electronic

games while wives (or husbands) get Sony and other Japanese audio and video equipment and big foreign cars, Mercedes, BMWs and locally-assembled Volvos.

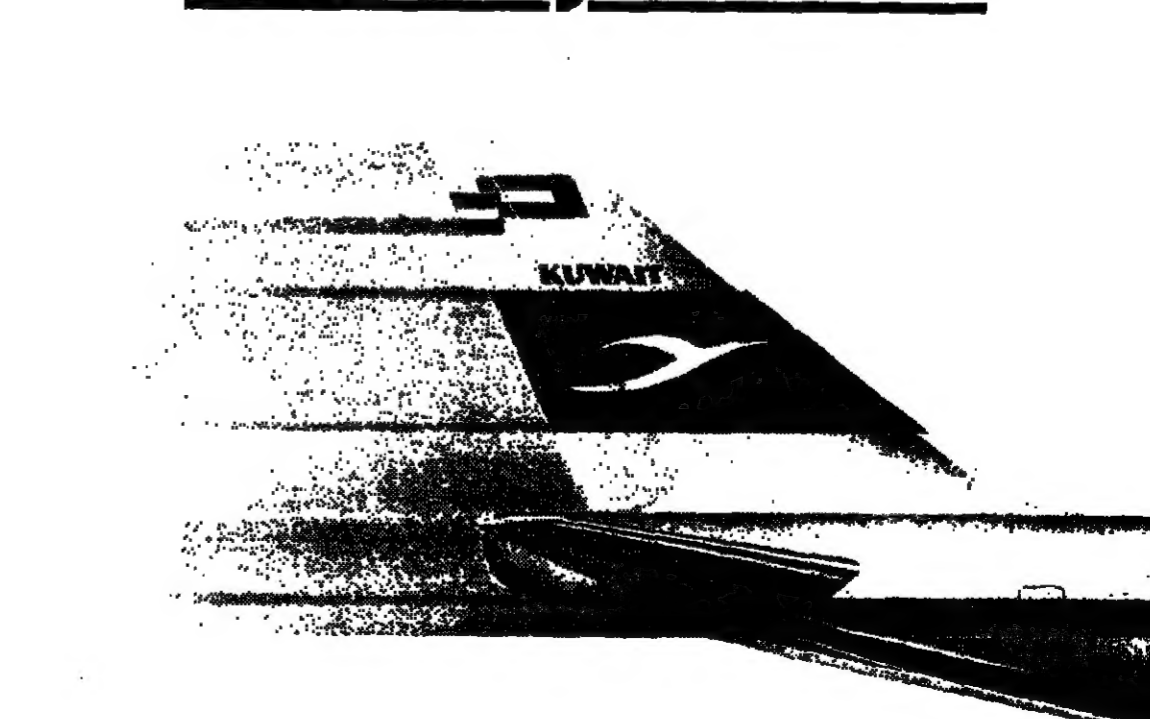
Meanwhile in a country where income distribution is becoming even more uneven the urban poor children will still be playing in dirt and absorbing up to three times the recognised international safety limits for pollutants like brain and kidney-damaging lead, exhaust fumes and other noxious substances.

My Christmas present to myself and my family was a German-made "black box" for the car which claims to take out 95 per cent of all air borne pollutants for the (sale) price of baht 4,500.

Tropical it may be but Christmas here, like most other places, religious apart, is just another excuse for department store sales, bontises, and hoopla. If the formula works on Regent Street in London, 5th Avenue in New York or Ginza in Tokyo why change it in Thailand. In Singapore's Orchard Road the department stores were playing Christmas carols in mid-November. Here at least they waited until December.

In Bangkok it is said East meets West. So Santa swapped his sleigh and reindeer for an elephant. If it makes money there are not many people here complaining.

# New York to London, Cairo, the Gulf and Bombay. Three days a week.



# And to Kuwait any day now.

Kuwait Airways takes great pride and pleasure in announcing the resumption of its services to travellers.

We are determined to keep the flag of Kuwait flying throughout the world as it does in all our hearts.

We've taken to the skies a new route network. It's a symbol of the perseverance of Kuwait.

Now flying New York, London, Cairo, the Gulf and Bombay.

For further flight information please call your local Kuwait Airways office or your travel agent.

Meeting the challenge and flying high.



UK NEWS

# Brokers' plan to boycott GA is ruled unlawful

By Richard Lapper

THE Restrictive Practices Court yesterday ruled that a proposed boycott by insurance brokers of General Accident is unlawful.

After a two-day hearing Mr Justice Warner granted an interim order prohibiting the implementation of the boycott to Sir Gordon Borrie, the director-general of fair trading.

He ruled that the boycott could not be shown to be in the public interest. The decision does not rule out a full hearing on the issue next year.

The Institute of Insurance Brokers, which represents about 20 per cent of the UK's 4,500 brokers, called for a boycott of the Perth-based insurer last month in protest at the company's refusal to end its agreements with motor manufacturers whereby they offered "free insurance" to buyers of new cars.

The association has argued that the free deals undermine road safety - by playing down the importance to car buyers of the importance to car buyers of no-claims bonuses - and, in the long run, will make motor insurance more expensive.

OFT solicitors will now write to the 850-900 members of the brokers' association to tell them that the boycott is unlawful.

The brokers had been preparing to begin their boycott on January 1. Any brokers who take part in a boycott may be in contempt of court.

General Accident underwrote a package for Ford which ended in September, but has refused to give any undertaking that it will desist from writing similar schemes in future.

The company's enthusiasm for other direct sales methods has also angered brokers, who believe that the increasing popularity of telephone sales is losing them business.

A number of companies - including Royal Insurance, Royal Bank of Scotland and Commercial Union - are now selling both home and motor insurance policies over the telephone.

Because customers pay no commission to a broker or intermediary (usually between 10 per cent and 20 per cent of the premium) these policies are often cheaper.

General Accident's own GA-Direct scheme has grown rapidly since it was established in 1988 in Hamilton, Strathclyde. Mr Bill Jack, deputy general manager, believes that the company could eventually sell as much as 50 per cent of its homes and motor policies directly.

# Forecasters gloomy on economy in 1991

By Peter Norman, Economics Correspondent

ECONOMIC forecasters are taking an increasingly gloomy view of Britain's prospects next year, according to the Treasury's monthly survey of independent forecasts.

The average 1991 growth forecast culled from the published reports of 26 City and non-City institutions fell to 0.3 per cent this month from 0.7 per cent in November.

The forecasters' consensus is that British unemployment will increase to 2.6m by the final quarter of next year against expectations in November of an increase to 2m. That would compare with seasonally adjusted unemployment of 1.7m in September.

The government's financial position is also viewed with greater pessimism. The average expectation of the 26 forecasters is that the public-sector borrowing requirement will total £20bn in the financial year to the end of March 1992. A month ago, the consensus pointed to a PSBR in 1991-92 of only £200m.

The 14 City forecasters surveyed by the Treasury take a gloomier view of the economic outlook than the non-City institutions. The City consensus is that the economy will grow by only 0.1 per cent next year, with unemployment rising to 2.13m and the government deficit growing to £24.4bn in 1991-92.

The majority of the City forecasts were published during December whereas most of the non-City forecasts were drawn up in November. That was before the recent spate of gloomy statistics, indicating that Britain is in a deeper recession than previously thought.

The cyclical indicators of the UK economy published by the government yesterday suggest that the downturn in the economy still has some months to run.

The shorter leading index, which is supposed to indicate turning points in the economy six months in advance, continued to decline in October. The longer leading index, which is intended to indicate turning points about one year in advance, rose marginally in October, but showed little change overall since May.

# Judge orders seizure of Nigerian bank's funds

By Raymond Hughes, Law Courts Correspondent

A High Court judge yesterday ruled that a Nigerian bank was guilty of contempt of court and ordered seizure of any of its funds held in banks in England and Wales.

Mr Justice Pill made the sequestration order against Mercantile Bank of Nigeria on an application by Minerva Securities (CI), a Channel Islands commodity trader.

He was told that for eight years Minerva had been trying to enforce a \$1,254,977 (£658,000) judgment it obtained against Mercantile Bank of Nigeria in the Lagos state high court in December 1982.

The judgment was based on a 1978 letter of undertaking by the bank to pay that sum after 30 days in exchange for the release of shipping documents.

Minerva calculates that, with interest, the bank now owes it about \$2.75m.

The judge appointed sequestration commissioners because of Mercantile Bank of Nigeria's contempt of court in not complying with a High Court order made last month to disclose all its assets in the UK.

Mr Simon Mortimore, for Minerva Securities, said Mercantile had challenged the 1982 judgment through the Nigerian courts, and it had only been in February last year that the Nigerian Supreme Court had set aside an appeal court's ruling nullifying the judgment.

The bank, based in Calabar, Nigeria, was not represented in court. Its 1989 annual report stated that it had about £10m reserves overseas.

# More Heathrow talks likely

FURTHER talks between the US and UK Department of Transport in an attempt to settle the dispute over Heathrow landing rules are likely to take place early in the New Year, writes Michael Cassell.

It emerged yesterday after a third round of talks - aimed at revising the Bermuda 2 bilateral air service agreement between the two countries - that the UK has offered a further set of talks next month.

The Transport Department said however, that if the US agreed to further talks they would need to be provisional.

The UK government was still awaiting the outcome of a Civil Aviation Authority review of the air traffic distribution rules which prevent new airlines from operating into Heathrow.



**Royal Brierley**  
THE FINEST  
ENGLISH  
full lead  
CRYSTAL  
SINCE 1776

# Festive divergence between Monet and money

Clay Harris delves into the good, the bad and the awful in this year's bountiful harvest of greetings

WHAT makes a good corporate Christmas card? Is it better to play safe with Breughel and Bellini, or should you whisper - or even shout - of commerce in your seasonal greetings?

The 1990 harvest reveals a sharp divergence between Monet and money, although J. Sainsbury, the supermarket chain, has it both ways with a Madonna of the Meadows which, it notes, will hang in the new Sainsbury wing of the National Gallery.

This subtle blending of God and Mammon is unusual. Realising their multi-cultural and multi-national audience, few companies these days send cards with Christian images. Those that do risk the reaction of one colleague, who said: "The crookedest broker I know sent me the most pious card."

It is not surprising, then, that many companies stick to historical views of the Thames and St Paul's or wintry pastoral landscapes - inoffensive images to anyone except bored recipients who have seen dozens of similar cards already.

If a company is going to the expense of sending hundreds of cards, it wants its offering to stand out among the ranks hanging from ribbons or taped to walls. Something out of the ordinary also shows that someone spent time thinking about it, rather than just choosing from a catalogue.

Sometimes this works, and sometimes it flops badly. Here are some of the winners, losers and others worth noting.

It is hard to top Japanese companies for distinctive and attractive designs, often incorporating traditional materials



Corporate Christmas: among the best and worst of company cards are (from left) the jewellery stores group Ratners with its witty line, the Post Office pushing a crude commercial message and the Savoy showing its sense of style

such as rice paper. Among the best were those from Nikko Securities, Yamachi Securities and the Shiseido cosmetics group. But the existence of a Japanese card makes it a thing apart and it cannot be judged by the same standard as British-produced cards.

Three of the latter stand out for their imaginative injection of trade into the festive season.

● Business Design Group's eight-page card demonstrates the company's skills in a way no words could. A red dot shows through successfully as an ornament, the clapper of a bell, a holly berry, Rudolph's nose, and so on.

● Ratners, Britain's largest jeweller, offers a bright homage to pop artist Roy Lichtenstein which shows a woman lamenting as she holds a telephone receiver: "So this is what he'd give me a ring at Christmas!" (She should complain. A ring from British Telecom might cost more than one from Ratners anyway.)

● The third is a traditional illustration of Christmas jollity, "Syncoating Savoy Christmas Classics", from the Savoy Hotel group. It was drawn by Mr Julian Wontner, a graphic designer who also happens to be the son of the company's chairman, Sir Hugh Wontner. Inside, Julian also essays his own version of the Nightmare Song from Iolanthe, "with due deference" to W.S. Gilbert, an original Savoyard.

Although not as charming, Mercury Communications will catch ears with its "mugshot" card: open it and a telephone warbles.

Quirkiness helps. Henderson Unit Trust Management presents drawings of showjumpers

does you don't take Access? Ugly, tasteless and unfunny, but not the worst.

The lowest circle of Christmas card hell is reserved for senders of their own caricatures or photographs or self-promotional cards which cross the threshold of blasphemy.

Of the latter, the Christmas cake is taken this year by a card which displays a religious drawing with the caption: "A babe is born." The inside reveals, "born December 1990: Lancaster Kind, property consultants and valuers."

Valin Pollen, another PR firm, shows proof-reading marks on Hark the Herald Angels Sing, and the BBC press office proclaims: "And lo, in the west there was still the press office." The BBC card falls into another self-indulgent category: a photograph or drawing of head office. Other offenders are British Petroleum, Smith New Court and Barclays.

The National Bank of Kuwait can be forgiven for combining a picture of its headquarters with a "Free Kuwait" badge.

Usually, the commercialism is far more mundane. Motor vehicle groups, for example, routinely interject their latest models into cosy winter scenes.

Even the Financial Times cannot resist a product plug. After last year's FT hot air balloon, we are still aloft in 1990 with Father Christmas over the City. But, perhaps because he is paying too much attention to the FT, the reindeer are steering well away from our side of the Thames.

I hope no one reads anything into that.

# PO says 119m cards were posted on Monday

By John Authers

CHRISTMAS MAIL in the UK has reached a record level this year. By Christmas Eve the Royal Mail says it will have handled 1.5bn items in 24 days, 40m more than last year's record.

Sir Bryan Nicholson, chairman of the Post Office, said yesterday that the peak came on Monday, when 119m cards were posted.

The Post Office recruits 25,000 extra staff for Christmas, in addition to the full-time workforce of 140,000.

More than 100 extra buildings were rented as sorting offices, and more than

2,000 extra vehicles were hired.

The transport system also felt the impact of Christmas yesterday, with the heaviest volumes expected today. Last night, however, the prospects for avoiding serious delays looked good.

Road traffic is likely to peak over the weekend, though yesterday saw more cars on the roads than had been expected.

Traffic levels are expected to be up to 40 per cent higher than on the average weekend.

The RAC warned that delays were

likely at established congestion "black spots", but was optimistic that wider traffic misery could be avoided.

British Rail expects the heaviest traffic today, and advises passengers to book. Routes from London to the north-east, the north-west, Scotland, Wales and the West Country are expected to have up to 30 per cent more passengers than average. Extra services have been arranged on several routes.

Overcrowding in standard class carriages is being controlled on these routes by boarding passes, which are

issued to passengers at the departing station. On some services, only passengers with reserved seats or boarding passes will be allowed on the train.

Traffic from Heathrow airport, London, reached a peak yesterday. The airport handled 120,000 passengers, 30 per cent more than usual. BAA, which owns Heathrow, said the increase in traffic had been expected and there had been no delays. Indeed, both north and south, was one of the most popular destinations, and extra flights were arranged by British Airways.

# Englishmen abroad pay less for Christmas

John Authers looks beyond the inflated cost of seasonal celebrations at home

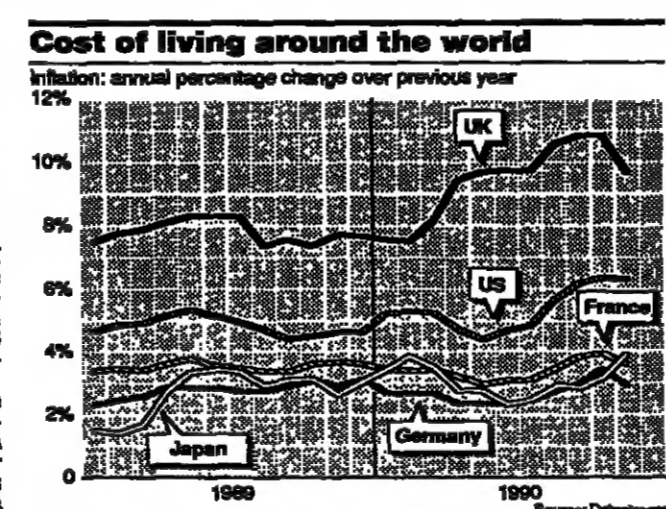
THE COST of Christmas this year in the UK, with its high rate of inflation, compares unfavourably with that in such countries as the US, France and Japan.

Christmas lunch at the River Room of London's Savoy Hotel on December 25 will cost £108, without wine. New York's Rainbow Room, at the Rockefeller Centre, and the Sign of the Dove on the fashionable East Side, reputed to be the best restaurants in town, serve Christmas dinner at only \$65 (\$29), excluding wine and service.

Even Paris is less expensive than London. Three-star restaurants charge between FF\$500 (\$51) and FF\$800 per head for dinner on Christmas Eve, which is when the French celebrate, though wine could cost almost as much again.

As in Paris, Christmas Eve is when celebrations peak in Tokyo, where the Japanese have been adapting to a new festival. In past years, young couples queued on Christmas Eve outside short-stay love hotels, but they have now taken their celebrations upstairs.

The done thing is a "romantic" dinner show at ¥38,000 (£148) per head at Tokyo's plush Akasaka Prince Hotel.



This is even more expensive than the Savoy, but alcohol and food are included, along with an evening of crooning from Mr Hiroshi Goto. There are two shows on the 24th - both are fully booked.

"Romantic" shows at lesser hotels are about ¥25,000 to ¥30,000, depending on the artist and the menu. After the show, a suite at the hotel for the night costs ¥30,000 at the Akasaka Prince already fully booked - or ¥20,000

upwards for quality elsewhere.

The £750-a-head, four-day Christmas package at the Ritz, London, includes a number of Yuletide extras: guests are met by carol singers; go to a pantomime on Christmas Eve; hear Midnight Mass at St James' Church, Piccadilly; eat roasted chestnuts; and go to see Arsenal at home on Boxing Day. Christmas stockings are provided in every room.

The Ritz in Paris, at the Place Vendôme, costs between FF\$1950 and FF\$2850 for the night, while the top-of-the-range Rоялтон Hotel in New York charges \$195 to \$295.

The global market in toys makes it easy to compare the prices Christmas shoppers pay. In Hamley's toyshop in London, a "teenage mutant hero turtles" inflatable airship costs £24.99, an inflatable turtle costs £21.99, a cuddly turtle costs £16.99, and a standard action plastic turtle costs £5.49.

The range is generally more expensive than in Paris, where the action toys range from FF\$10 to FF\$100. In New York, Barbie dolls seem more popular, and can be bought for between \$7 and \$12 - cheaper than a cuddly turtle.

In Japan, the most popular toys are emblazoned with the image of Chibi Maruko, a cute little girl with a cynical adult sensibility and nasty wit.

Nintendo computer games, having conquered Japan and the US - where the basic kit costs \$89 and extra software up to \$50 - are now available in London. A Nintendo turtles game in Hamley's costs £108.99.

Consumer electronics are generally more expensive on the east side of the Atlantic. A New Yorker needs \$50.00 for a basic Sony Walkman personal stereo. The cheapest model in London can cost £34.99, with the "sports" version, in bright yellow, at £49.50. Fairclark per FF\$200 for the "sports" model, while in Japan the most popular model sells for about ¥15,500.

This excess compares with the problems of those celebrating Christmas in eastern Europe. Eggs are the latest food to become scarce in Czechoslovakia and many families may have to do without the potato salad traditionally served with fried carp at Christmas.

Potatoes and salt are scarce, as shopkeepers hoard supplies in anticipation of steep inflation when price controls are lifted in the new year.

Some Britons pay to escape Christmas. Exodus Expeditions has sold all 16 tickets for a gruelling two-week walking tour in the Jebel Sahro mountain range in southern Morocco which starts on December 22.

A British Airways economy class return flight from London to New York normally costs £291. In the two weeks before Christmas, demand pushes the price up to £540.

Additional reporting by Ian Davidson in Paris, Rivka Nachama in New York and Robert Thomson in Tokyo.

# Inquiry into rush-hour train incident

By Rachel Johnson, Economics Staff

BRITISH RAIL has ordered an inquiry into an incident last week in which two packed rush-hour commuter trains came within 100ft of collision.

The incident happened two miles outside Liverpool Street station, London, when a train to Southend entered the same section of track as one for Shenfield. The Shenfield train was stationary and the Southend train pulled up just 100ft short of it.

BR said initial indications from on-train and signalling data recorder systems showed no mechanical or electrical failure. The internal inquiry findings will be sent to the Department of Transport.

The incident follows the reports into the Purley and Clapham rail crashes.

These recommended the installation of the Automatic Train Protection (ATP) system which overrides the driver's controls and brings the train to an automatic halt in cases of emergency.

# November deficit larger than expected

By Rachel Johnson, Economics Staff

THE NOVEMBER current account deficit of £971m, announced yesterday by the Central Statistical Office, widens the UK trade gap to almost £15bn this year.

The deficit, which is larger than expected, increases the chances that the government will overspend its forecast made only last month, of a deficit totalling £15.5bn for 1990. The 1989 figure was £19.6bn.

The Treasury will now meet its projection only if December's deficit is half the size of last month's and half the monthly average for this year.

Additionally, the figures are unrevised and assume a balance of zero on invisible trade - services such as banking, insurance and tourism and some financial flows including profits and dividends.

Trade in tangible items, which includes ships, aircraft and precious stones, was little changed on the month, although imports fell by £200m in the three months to November. The slowing of import growth during the same period could also be observed in non-

CURRENT ACCOUNT (£bn)					
	Current Balance	Balance	Visible Trade	Imports	Invisible Balance
1988	-16.3	-21.1	80.8	101.9	+6.7
1989	-19.6	-23.8	82.8	116.6	+4.2
1990					
Oct	-4.5	-6.6	25.4	31.2	+1.8
Oct 3	-4.9	-6.2	26.1	31.3	+0.3
Oct 5	-3.5	-3.8	25.5	29.3	+0.2
Aug	-1.1	-1.2	5.5	9.7	+0.1
Sep	-0.7	-0.8	8.8	9.6	+0.1
Oct	-1.1	-1.1	8.7	9.8	0.0
Nov	-1.0	-1.0	8.6	9.6	0.0

oil trade, which fell by £1.7bn.

Reduced imports have been apparent since July. The UK's current account position has improved as high interest rates have eaten into domestic demand and forced manufacturers to switch production towards more buoyant overseas markets.

Yesterday's figures appear to show the switch continuing to operate with success, even though the UK has joined the exchange rate mechanism at a rate which requires the government to maintain a strong

November but 1/2 per cent higher than a year earlier.

The figures appear to show that sterling's rate is not crippling export volumes to the extent that industry had feared.


However, the Treasury as usual expressed caution about reading too much into one month's figures so soon after joining the ERM.

The CBI pointed out that the pound could still bite into competitiveness and urged another cut in interest rates.

The government has said that it will not cut interest rates until sterling's ERM position justifies an easing of monetary policy.

Mr Alexander Carlile, the Liberal Democrat trade spokesman, said that the government had claimed that the trade deficit was merely a problem of too much consumer buying.

"Yet after 2 1/2 years of penal interest rates, after months of deadly silence in the high street and six months in a full blown recession, the monthly trade figures still show Britain in the red," he said.



**Birmingham Midshires Building Society**

**£150,000,000**

**Floating Rate Notes Due 1998**

Interest Rate: 14.1875% per annum

Interest Period: 21 December 1990 to 21 March 1991

Interest Amount per £50,000 Note due 21.3.91: £174.91

Interest Amount per £50,000 Note due 21.3.91: £1,749.14

Agent: Bank Baring Brothers & Co., Limited

Handwritten signature: John Authers

# Sir Geoffrey Owen: the safest pair of hands

Nicholas Colchester looks back at the career of the Financial Times editor who left the paper yesterday

IN 1958 the young future editor of the Financial Times took the Australian tennis star, Ashley Cooper, to four sets on Wimbledon's Centre Court. "Unknown Owen makes Champ of Champ," said the *New Chronicle*.

It was a perfect British occasion: the sports writer celebrating defeat as victory, following a youthful performance which combined exuberance with that peculiarly British brand of reserve which recoils from displays of emotion and the cult of personality. True Brits of this kind have a way of getting on with the job in hand - whatever that happens to be - courteously, determinedly and with calm good humour.

These qualities do not leap to mind when the talk turns to Fleet Street's great editors. Sir Geoffrey Owen, who left the FT yesterday, is a misfit among them. He has never shown any desire to build a fief or to indulge powerful whims, though the newspaper offered him a splendid platform to do both. He has no special gift with words. He has firm views on only a few specific themes. He somehow contrived, for several years, to forget to submit his entry form for Who's Who.

When the Financial Times moved into new offices in 1980 he had to be coaxed into his large room overlooking the Thames. A video of the film *All the President's Men* had persuaded him that, like that hard-driving chap on the Washington Post, a real editor ought to sit in a glass booth in the newsroom.

The fruits of such self-effacement speak for themselves. In the period of his editorship, circulation has climbed from 158,000 to 192,000 in the UK, and from 41,000 to more than 100,000 in the international market. The paper is now printed outside the UK in Germany, France, the US and Japan, and profits have climbed from under £2m to £27m.

During Owen's 10-year editorship, the Financial Times put itself almost beyond challenge as the paper of record on European business, finance and government. Its pages became an international forum for debate on economic issues, to which powerful people submit their views in letters and articles. It also became popularly accepted as a symbol of quality and wealth. A folded FT crops up in many



Sir Geoffrey Owen: appointed to the staff of the Financial Times by Sir Gordon Newton in 1958, he succeeded Fredy Fisher as editor in 1980

advertisements nowadays, bestowing quality-by-association on the airline or otherwise in question.

How did mild-mannered Geoffrey Owen do it? First, he was that unflashy thing in western industry: a manager devoted to his product. He radiated a conviction that the newspaper - shaped by Sir Gordon Newton and handed on to him, internationalised, by Fredy Fisher - was bigger

than him and all his staff. He served it rather than drove it, padding around its offices with creaseless trousers, tousled hair and shirt hanging out, like the devoted mechanic of a marine engine. When he praised journalists - which he did only rarely - he did not hand down the praise from on high, but tended to appear alongside with a complicitous grin that implied "very good for the paper

that we've managed to get this in". Second - and this was a big gift - he hired and gave free rein to talented people whom he was utterly unlike and with whom he often disagreed.

He did this to compensate for what he saw as his own shortcomings. Often uncertain, he hired Mr. Certitude. Sober in style, he promoted Mr. Flash. Mainstream liberal, he encouraged Mr. Contrary View. He took their work and vetted it not for opinion, but for temperateness and accuracy. As a result the FT became a market-place for quality-control ideas, a sort of Chinese wall on which many good views could be posted, provided they were not, as he would say, "over the top".

Third, he was imbued with the spirit of the paper by the man who hired him in 1958, Sir Gordon Newton. Newton never much went for strategy; he developed the FT through continuous, experimental activity. Geoffrey Owen did the same, and so find hard to list the changes he has made to it. He knows he made the editorials less grey and more assertive: "fewer pot-boilers about the German economy", as he puts it. He made the paper more appealing to the non-devotee: "the other regular editors' trials he inherited was 'down-to-earthness', not being too highbrow, never forgetting the chap on the train from Surbiton, and all that sort of thing". And he held the paper in its niche: it is a business paper, not all things to all readers.

He was certainly lucky. His decade was almost exactly that of Mrs Thatcher, and the changes she wrought helped the FT. The financial deregulation that began with the scrapping of Britain's exchange controls and went on through the City of London's "Big Bang" gave the FT a booming market. The great European stage, which Mrs Thatcher pushed for, did much for continental readership and advertising. Above all, Geoffrey Owen recognises that "the paper owes an enormous debt to the Wapping revolution [Rupert

Murdoch's showdown with the British printing unions, which could not have occurred under a different government".

Yet he, and the FT under him, was never "one of us" with Mrs Thatcher - for selective Thatcherism was not on offer in Downing Street. Geoffrey Owen always mistrusted excessive certainty - especially of the ideological or bullying sort. There had to be room for reasoned doubt, pragmatism and compassion.

These instincts showed clearly during the Falklands war, when he courted unpopularity with many British readers by pursuing a line of "half-way short of jingoism". Nor could he work up much enthusiasm for unbridled financial markets and their works. He mistrusted people who made their money by trading companies rather than building them up.

He was Thatcherite, though, in the area where he held his strongest views and most reliable writing editorials: industrial policy. Between 1967 and 1969, he worked at the Industrial Reorganisation Corporation (IRC) - an invention of the Labour government whose mission was to "rescue" British industry. Owen's strengths into bigger, more competitive units. This stint, and a study of the paper-making industry in particular, convinced him that the notion was doomed, that mergers were devilish hard to get right and that trading competition in the only medium, three regular editors' trials. Improbable purity in competition policy, and an effective FT campaign against the EC's misuse of anti-dumping policy. Hence, too, the rigours in store for any FT writer who unwisely volunteered to write about papermaking, steel or the motor industry, three topics where the Owen free rein was not on offer.

Geoff Owen ponders today whether he might not have mixed in with Mrs Thatcher and her ministers more, "to be better informed". He would not have been Geoffrey Owen had he done so. When lunches for powerful guests at the FT reached the chair stage, Owen could be seen staring intently at his napkin and inching his chair backwards like a boy anxious to get back to his electric train. Small-talk was not his forte. Once in the early 1980s,

surrounded in Paris by a voluble group of French industrialists telling him of their country's predicament, he was asked for the FT's view on the French outlook. "Worse", he said, and that was it. Geoff Owen the power-broking socialist is as unlikely a vision as Lord Copper in a green eyeshade.

Yet this unassuming figure inspired his staff. He did not drive them or instil fear in them (he fired almost nobody in his decade as editor). But his big, even-featured presence came to embody the needs and standards of the paper. Colleagues at the IRC recall gravitating towards Geoff Owen's office for talk without knowing why he exercised this pull on them. So too at the FT, where his "open door" approach was at times comic, with one journalist discussing his next posting, while Owen read the leader of another, glancing meanwhile at proofs proffered over his shoulder by a third. Approval was a curt "fine". Disapproval with a look of pained puzzlement that needed no words: the newspaper was not amused. This guardianship went unchallenged mainly because, in the words of one of his staff, "the man is riddled with integrity".

Geoffrey Owen said in 1980 that he would do between five and 10 years as editor. So now he is going, convinced that editors who overstay their welcome harm their newspapers, and because the job is an exhausting one.

He is to work at the London School of Economics where he will start a business policy unit in the school's Centre for Economic Performance. There he will look into different aspects of Britain's competitiveness, while writing a post-war history of industrial Britain.

One can already imagine some of the features of this bleak tale. Technological complacency, wrong-headed mergers, a home-market mentality, ephemeral successes and lack of commitment to a business. For, as Geoffrey Owen wrote in the FT's first management page in 1967, "if there is any management principle which has some claim to universal validity, it is that - to what you are doing at".

Happily for the Financial Times, tennis did not count.

Nicholas Colchester is deputy editor of *The Economist*

## Judge says men knew they were laundering money

By Raymond Hughes, Law Courts Correspondent

AN Isle of Man accountant and his employees have failed to overturn a High Court judge's finding that they assisted in a systematic fraud on a subsidiary of Agip, the Italian oil company.

The Court of Appeal yesterday dismissed an appeal against a judgment in May last year that Mr Barry Jackson and Mr Edward Bowers, partners in Jackson & Co, and Mr Ian Griffin were liable to pay a total of \$518,822 (£271,990) to Agip (Africa). Mr Bowers had been held "vicariously" liable for the acts of the other two.

The money was the last of a series of payments diverted from Agip (Africa) before the discovery that during many years the company had been defrauded out of millions of dollars by its chief accountant, who had altered the names of payees on payment orders after they had been signed.

Lord Justice Fox said Mr Jackson and Mr Griffin "must have known they were laundering money" and helping to conceal "dispositions of money which had such a degree of impropriety that neither they nor their clients could afford to have them disclosed".

In the two years from early 1983, more than \$10.5m had been diverted to companies in England of which Mr Jackson and Mr Griffin had been directors. Most of it had then gone to a French jewellery company of which Mr Jackson was sole director.

Lord Justice Fox said Mr Jackson and Mr Griffin must have assisted in the fraud. They had known the origin and destination of the money and there had been nothing to suggest any commercial reason why an oil company operating in Tunisia should be paying such sums to a French jewel-

ler. The striking feature, the judge said, was that a solicitor's letter to Mr Jackson in August 1984 showed that the question of fraud was being considered, and that anxiety was felt that Agip might get access to bank records.

"Why were Mr Jackson and Mr Griffin concerned about what Agip might discover?" Lord Justice Fox asked. "If there were doubts about fraud, why could they not get in touch with Agip themselves and disclose what they knew?"

"It is, of course, possible that they were honest men and that there are facts which we do not know which could demonstrate that."

"But, if so, they could have explained their position to the witness box. They did not do so. One can only infer that they were not prepared to submit their activities to critical examination."

## Go-ahead for homes on Dorset heath

PLANS TO build up to 200 houses on 17 acres of Dorset heath were yesterday given the go-ahead by the High Court in London. The heath is classed as a site for special scientific interest and is a breeding ground for some of Britain's rarest wildlife.

Mr Justice Schiemann dismissed a request by the British Herpetological Society and the World Wide Fund for Nature for judicial review of Poole borough council's decision to grant planning permission for the houses on Canford Heath.

In a ruling which environmentalists fear will make it easier for a number to build on some of Britain's protected landscapes, the judge upheld the council's decision to grant permission. He said Poole had "grappled" with the rival demands of conservation and housing. The balance it had struck was "lawful".

The judge awarded the council its legal costs, estimated at about \$40,000. The council said it would press ahead with plans to build the houses.

It said it had taken its decision with care and had considered conservation issues. It had taken steps to protect the remainder of the heathland by imposing conditions over access.

In his judgment Mr Justice Schiemann said although planning authorities - in common with many other public bodies - were obliged to give reasons for refusing applications, they did not have to do so if they acceded to applications and granted permission.

That made it difficult to impugn such decisions. It may be that parliament's desire was that the implementation of positive decisions should not be held up on the ground that there had been defective reasoning, said the judge.

## Yorkshire Ripper's wife loses libel claim

MRS SONIA SUTCLIFFE yesterday lost her claim for libel damages over a newspaper article. It alleged that she had an affair with a man who was the "splitting image" of her husband, Mr Peter Sutcliffe, the "Yorkshire Ripper" multiple murderer.

A High Court jury ruled that Mrs Sutcliffe, 30, of Bradford, West Yorkshire, had not been defamed by the article in the *World*. She faces a costs bill for the 15-day hearing unofficially estimated at £300,000.

The article stated that Mrs Sutcliffe had an affair in Greece with a man from whom she kept her marriage a secret. Mrs Sutcliffe was in the witness box for six days, denied the affair and said she had not had any romantic feelings towards the man. She complained that the story meant she had deceived him.

In his cross-examination, Mr George Carman, QC, accused Mrs Sutcliffe of lying in the trial, and in her earlier case against the satirical magazine *Private Eye*, in an attempt to

obtain maximum damages. He said she had courted the press when it had suited her for financial gain. She denied the accusations.

Mrs Sutcliffe had sued *Private Eye* over an allegation that she made a £250,000 deal with the *Daily Mail* to sell her story. The basis of her case was that she had never been involved in dealings with the press for money in that way.

During the hearing, Mr Carman itemised £234,000 damages Mrs Sutcliffe had so far obtained from the press in actions for libel and breach of copyright. They were: £5,000 from the *Express* and *Telegraph* and *Argus* in June 1983; £25,000 from the *Yorkshire Post* in November 1988; another £7,500 from the same paper the following May; £100,000 and £60,000 from *Private Eye* in October 1988; £35,000 from the *Daily Star* in November and December 1988; £75,000 from the *Daily Express* in the same months; and £28,500 from News Group Newspapers in September this year.

## Under-fives require more services, study concludes

By Norma Cohen, Education Correspondent

THE government must expand provision for children under five, a government-sponsored study has concluded.

"We would urge those who make provision to recognize the extent to which demand outstrips supply, and to secure a continuing expansion of high-quality services to meet children's and their parents' needs," said the committee on the quality of educational experience offered to children aged three and four.

The committee was headed by Mrs Angela Rumbold, a former education minister, who is now the government's adviser on women's issues. The Labour party has said that it would make nursery places available to all children aged three and four whose parents seek it.

The report concluded that there is an urgent need to raise the quality of many existing facilities. It said staff working with under-fives should be appropriately trained.

## MacGregor loses case on grants

THE government's decision to withdraw grants from architecture students studying for their Part Two examinations was yesterday ruled unlawful by the High Court in London.

Mr John MacGregor, former education secretary, had used a legally incorrect approach when he withdrew mandatory grants and introduced funding through a bursary scheme from the start of the current academic year.

**Breach of patent**  
HOOVER, the US-owned home appliances group, infringed a UK competitor's patent in producing cleaning heads for its Aquamaster vacuum cleaner, the Patents Court has ruled.

Hoover will have to pay damages, to be assessed later, to Vax Appliances. Vax, based at Droithwell, Hereford and Worcester, estimated that Hoover produced at least 200,000 of the units.

Unless altered on appeal, the findings mean it is an infringement for anyone to sell the Aquamaster fitting with cleaning heads made before 1990.

**BT pay increases**  
BRITISH TELECOM has agreed a 10% per cent pay rise with the Society of Telecom Executives, the union which represents about 30,000 BT middle managers. The increase takes effect from January 1. The increase does not apply to about 10 per cent of BT's middle managers who are now on individual contracts.

**Submarine accident**  
THE submarine which apparently sank the trawler *Antares*, killing her crew of four, realized she had hit the gear of a fishing boat, according to a preliminary report yesterday from the Department of Transport's marine accident investigation branch. She mistakenly thought the gear belonged to another, undamaged vessel. It was only when *Antares* was reported overdue and wreckage was found that her fate became known.

**Water case delay**  
THE trial of the South West Water Authority on a charge of causing a public nuisance has been adjourned at Exeter Crown Court until January 7 when the defence case is expected to start.

It is alleged that in July 1988 the authority supplied water which contained aluminium sulphate in such quantities as to endanger public health or comfort.

**Aid for homeless**  
An extra £2m is to be provided by the government to combat homelessness in Glasgow, Aberdeen and Edinburgh.

ACCEPTANCE FORMS MUST BE SENT TO THE CHIEF REGISTRAR, STOCK EXCHANGE, 15, BROAD STREET, LONDON, EC2M 2DQ, BY 12.30 PM ON FRIDAY, 18TH JANUARY 1991. OR LODGED AT THE CENTRAL GILTS OFFICE, BANK OF ENGLAND, 1 BANK BUILDINGS, PRINCES STREET, LONDON, EC2R 8SU NOT LATER THAN 12.30 PM ON FRIDAY, 18TH JANUARY 1991; OR LODGED AT ANY OF THE BRANCHES OR AGENCIES OF THE BANK OF ENGLAND NOT LATER THAN 3.30 PM ON THURSDAY, 17TH JANUARY 1991.

## OFFER OF CONVERSION TO HOLDERS OF 13% TREASURY STOCK, 2000-2003 TO CONVERT INTO 13% TREASURY STOCK, 2000

Application will be made to the Council of The International Stock Exchange for 13 per cent Treasury Stock, 2000 issued as a result of this conversion to be admitted to the Official List on Tuesday, 22nd January 1991.

1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to invite holders of 13 per cent Treasury Stock, 2000-2003 to convert all or part of their holdings into 13 per cent Treasury Stock, 2000 on 25th January 1991 at the rate of £103.55 nominal of 13 per cent Treasury Stock, 2000 per £100 nominal of 13 per cent Treasury Stock, 2000-2003.

2. Holders who do not wish to convert any part of their holding should do nothing.

3. Registered holders of 13 per cent Treasury Stock, 2000-2003 at the close of business on 21st December 1990 who exercise the option to convert on 25th January 1991 will receive the interest payment due on their holdings of 13 per cent Treasury Stock, 2000-2003 in respect of 13 per cent Treasury Stock, 2000 will be paid as on 14th July 1991 in respect of stock issued as a result of the conversion.

4. Conversion will be into registered stock of 13 per cent Treasury Stock, 2000 which, subject to the provisions contained in this notice, will rank equally in all respects with stock already issued and will be subject to the provisions of the prospectus dated 20th June 1990. Holders of 13 per cent Treasury Stock, 2000-2003 in respect of which the conversion option is exercised will be surrendered free from all liens, charges and encumbrances and with all the rights now or hereafter attaching to them except the right to receive the interest payment due on 25th January 1991.

**Method of acceptance**

5. Copies of this notice and acceptance forms for completion are being sent by post to holders of 13 per cent Treasury Stock, 2000-2003 on the Bank of England Register, Bank of Ireland, Belfast, Register, in the case of joint accounts, the forms are being sent to the first-named holder. Holders who wish to convert all or part of their holdings should complete the acceptance form. Stock resulting from this conversion will, if the account details are identical, be added to existing holdings of 13 per cent Treasury Stock, 2000.

6. In the case of stockholders who are not members of the Central Gilts Office (CGO) Service, completed acceptance forms with stock certificates must be sent to the Chief Registrar, Bank of England (Conversions), PO Box 444, Gloucester, GL1 1NP to arrive not later than 12.30 PM, ON FRIDAY, 18TH JANUARY 1991; or lodged at the Central Gilts Office, Bank of England, 1 Bank Buildings, Princes Street, London, EC2R 8SU, not later than 12.30 PM, ON FRIDAY, 18TH JANUARY 1991; or lodged at any of the Branches or Agencies of the Bank of England not later than 3.30 PM, ON THURSDAY, 17TH JANUARY 1991. The Bank of England will acknowledge receipt of acceptance forms.

7. In the case of stockholders who are members of the CGO Service, completed acceptance forms must be lodged at the Central Gilts Office, Bank of England, 1 Bank Buildings, Princes Street, London, EC2R 8SU, not later than 12.30 PM, ON FRIDAY, 18TH JANUARY 1991.

8. Copies of this notice and National Savings acceptance forms for completion are being sent to holders of 13 per cent Treasury Stock, 2000-2003 on the National Savings Stock Register. Holders who wish to convert all or part of their holdings should complete the acceptance form and send it with investment certificates for at least the amount of stock specified on the acceptance form to the Bonds and Stock Office, Mythop Road, Blackpool, FY3 9TP to arrive not later than 12.30 PM, ON FRIDAY, 18TH JANUARY 1991.

9. If a holder wishes to convert but cannot obtain an essential signature or document by 18th January 1991, the acceptance form, completed so far as possible, should be lodged in accordance with paragraphs 6 or 7 above, accompanied by a letter from a bank, solicitor or other professional person giving the reason for the acceptance being incomplete and undertaking to put it in order as soon as possible; it may then be possible to give effect to the acceptance. If there is insufficient time for the acceptance form to be lodged before the close of the offer, the holder may notify acceptance by facsimile (fax) numbers 0452 338077 or 0452 338013 quoting brief particulars to identify the account and specifying the amount of 13 per cent Treasury Stock, 2000-2003 to be converted; this should be followed without delay by a completed acceptance form and the certificates.

**Arrangements for conversion**

10. Up to and including 24th January 1991 holdings in respect of which the conversion option has been exercised will be described on the register as 13 per cent Treasury Stock, 2000-2003 "Assented" and from 25th January 1991 until 17th June 1991 new holdings of 13 per cent Treasury Stock, 2000 issued on conversion will be described on the register as 13 per cent Treasury Stock, 2000 "A". Certificates for the new holdings of 13 per cent Treasury Stock, 2000 "A" will be issued as soon as possible after 25th January 1991.

11. Up to and including 22nd January 1991, CGO account balances in respect of which the conversion option has been exercised will be described as 13 per cent Treasury Stock, 2000-2003 "Assented"; from 23rd January 1991 until 7th June 1991 balances in respect of 13 per cent Treasury Stock, 2000 issued on conversion will be described as 13 per cent Treasury Stock, 2000 "A".

12. Transfers of 13 per cent Treasury Stock, 2000-2003 for which the conversion option has been exercised will be applied to the 18th January 1991 will carry the option to convert into 13 per cent Treasury Stock, 2000 on 25th January 1991.

13. Up to and including 21st January 1991, applications will be accepted for transfers of holdings in 13 per cent Treasury Stock, 2000-2003, 13 per cent Treasury Stock, 2000-2003 "Assented" and 13 per cent Treasury Stock, 2000 on the National Savings Stock Register. From 22nd January 1991 applications will be accepted for transfers of holdings in 13 per cent Treasury Stock, 2000-2003, 13 per cent Treasury Stock, 2000 and 13 per cent Treasury Stock, 2000 "A". Balance certificates and certificates for stock issued on conversion will be sent by post to stockholders on the National Savings Stock Register by the Department for National Savings.

14. Transfers of 13 per cent Treasury Stock, 2000-2003 "Assented" may be lodged in the form up to 22nd January 1991. After that date, on the lodging of such transfers for registration the transferees will be registered as holders of the appropriate amounts of 13 per cent Treasury Stock, 2000 "A". Transfers of 13 per cent Treasury Stock, 2000-2003 "Assented" lodged for registration or sent for certification should be accompanied by the Bank of England's acknowledgement of the receipt of the acceptance form or, if the acknowledgement has been lodged with an earlier transfer of the stock, by the receipt issued for that transfer.

15. The interest due as on 14th July 1991 will be paid separately on holdings of the existing 13 per cent Treasury Stock, 2000 and on holdings of 13 per cent Treasury Stock, 2000 "A" registered at the close of business on 17th June 1991; consequently, interest mandating authorities for income tax exemption and other notifications recorded in respect of existing holdings of 13 per cent Treasury Stock, 2000 will not be applied to the payment of interest due as on 14th July 1991 on holdings of "A" stock.

16. Where the conversion option has been exercised, any interest payable on the payment of interest in respect of a holding of 13 per cent Treasury Stock, 2000-2003 will be applied to the holding of 13 per cent Treasury Stock, 2000 "A". Similarly, where instructions have been given by the Internal Revenue authorities for interest on the holding of 13 per cent Treasury Stock, 2000-2003 to be paid without deduction of income tax, the instructions will be applied to the new holding of 13 per cent Treasury Stock, 2000 "A".

17. Transfers of 13 per cent Treasury Stock, 2000 "A" may be lodged at the Bank of England for registration in that form up to 7th June 1991. After that date, for purposes of certification, the "A" stock will not be distinguished from the existing 13 per cent Treasury Stock, 2000. From the opening of business on 18th June 1991, the "A" stock will be amalgamated on the register with 13 per cent Treasury Stock, 2000. CGO account balances will have been amalgamated from the opening of business on 10th June 1991.

18. Her Majesty's Treasury have directed that Section 471 of the Income and Corporation Taxes Act 1988 (which relates to the treatment for taxation purposes of financial concerns whose business consists wholly or partly in dealing in securities) shall apply to exchanges of securities arising from this offer.

**Particulars of the issue of 13 per cent Treasury Stock, 2000**

19. The terms of issue of 13 per cent Treasury Stock, 2000 were contained in the prospectus dated 20th June 1990 and included the following provisions:

- (i) The Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. The principal of and interest on the Stock is a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.
- (ii) The Stock will be repaid at par on 14th July 2000.
- (iii) Interest is payable half-yearly on 14th January and 14th July. Income tax is deducted from payments of more than £5 per annum. Interest warrants are transmitted by post.
- (iv) The Stock is registered at the Bank of England or at the Bank of Ireland, Belfast, and is transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1983. Transfers are free of stamp duty.

Stock registered at the Bank of England held for the account of members of the CGO Service is also transferable, in multiples of one penny, by simple transfer in accordance with the Stock Transfer Act 1982 and the relevant secondary legislation.

20. Additional copies of this notice, the particulars of 13 per cent Treasury Stock, 2000 and forms for the acceptance of the conversion offer may be obtained by post from the Bank of England, New Change, London, EC4M 9AA; at the Central Gilts Office, Bank of England, 1 Bank Buildings, Princes Street, London, EC2R 8SU; or at any of the Branches or Agencies of the Bank of England; at the Bank of Ireland, Moyns Buildings, 1st Floor, 20 Colander Street, Belfast, BT1 5BN; or at any office of The International Stock Exchange in the United Kingdom.

21. Members of the CGO Service may obtain further guidance about the arrangements set out above in relation to their accounts by contacting the Central Gilts Office, Bank of England.

**STOCKHOLDERS UNCERTAIN AS TO THE BEST COURSE TO FOLLOW SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.**

**Government Statement**

Attention is drawn to the statement issued by Her Majesty's Treasury on 29th May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet introduced, even where they may specifically affect the terms on which, or the conditions under which, the further amount of 13 per cent Treasury Stock, 2000 is issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

**BANK OF ENGLAND**  
LONDON  
21st December 1990

Weekend December 22/December 23 1990

## The jury is still out

MR JOHN MAJOR should make the best of the holiday week ahead, for in the new year his mettle may be tested as never before. This is inherent in his taking the job of prime minister. The few weeks that have elapsed since he entered No 10 Downing Street have gone well but the honeymoon cannot last much longer.

The reason is clear. The departure of Mrs Margaret Thatcher was accompanied by a sharp increase in public support for the Conservatives, as registered by the opinion polls. The Tory score is still substantially higher than it has been during most of 1990, but the lead over the Labour party has already begun to shrink. The Conservatives profited, in public terms, from a brief period during which their leadership contest was a matter of intense fascination. That is over. The image of what was an engrossing spectacle is fading. Soon it will be last year's memory.

A new image of the government will replace it. Most of what Mr Major has done so far suggests that he has a quite distinct notion of conservatism. It is in many respects different from the one espoused so forcefully by his predecessor. In manner he is courteous, even anxious to please. He is not out to remake the world, but rather to respond to matters that arise.

On big issues, such as the stance of Britain at the European Community summit, or environmental conferences on political, economic and monetary co-operation, his style has been welcome, while changes in substance cannot be ruled out. On smaller day-to-day political questions he appears to be pragmatic, willing to listen to reason, or even to tread a path different from the one set since 1979. Where fresh proposals are relatively inexpensive and can be funded from the contingency reserve, he has shown an eagerness to set, as with the 242m offered to haemophilic victims of Aids, or the funding of shelters for the homeless over Christmas.

### Severe recession

This small change "kinder, gentler" approach is doubtless deserved by its beneficiaries, but the voters are indicating that they also want decongested roads, improved public transport, better schools and a marked improvement in the condition of the National Health Service, not to mention lower inflation and cheaper mortgages. Mr Major knows full well that however much of this may be desirable very little of it can be provided at a time when a severe recession has been ensued by his decision to enter the exchange rate

mechanism at a high rate for sterling.

He therefore appears to be boxed in, with all the exit doors labelled "loss of credibility". His stern anti-inflationary bias, for which he deserves due credit, rules out a pre-election boost, at least until the policy has been seen to be working. Public spending for the coming year has already been set, and it is tight. Out-of-pocket gestures will not long hide the continued existence of a run-down public infrastructure. He can make promises, but during the 17 or 18 months available before a general election must be called, he can deliver little.

### PM's credibility

Many people are now urging him to take action to reduce the severity of the recession, or to turn it around quickly. The pound, they say, is overvalued. His dilemma is that these calls make the policy less credible, weaken sterling, and so make it still more difficult to lower interest rates. There is little that he can do about this, except stick it out. A British attempt to devalue sterling within the ERM would destroy the prime minister's credibility as a man who, in his own words "hates inflation". There is no point in voluntarily donning a disciplinary strait-jacket if it is discarded as soon as it becomes uncomfortable.

All this said, the government's position is not hopeless. The half-expected and the unexpected do happen. The Germans may seek a revaluation of the D-Mark; that could precipitate a general realignment of exchange rates. Sterling might then be released against the D-Mark alone, without that being seen as a unilateral action designed to get the UK government through a difficult election. Alternatively, a modest realignment might accompany sterling's move to narrow bands within the ERM. But both options would imperil credibility.

Again, the Treasury forecast being given to the prime minister, which is that inflation will fall more sharply - and further - than anyone has expected, might turn out to be less accurate than other Treasury prognostications. If accompanied by a series of marked improvements in the monthly balance of payments figures, the net effect could be enhanced credibility and so an upward movement of sterling against the D-Mark. Interest rates could then be reduced. Inflation, as Mr Nigel Lawson says, is the judge and jury of the government. The test for Mr Major is how he keeps his nerve while the jury is out.

The underground stations in the Romanian capital of Bucharest are now silent. People wait on the platform. Those who speak no longer raise their voices.

A year ago, the underground was packed with young people. Some were wearing blue, yellow and red armbands. Others were checking passengers' identity cards. Gypsy children ran the gauntlet of the carriages singing "Olé, Olé, Ceausescu is no more!" Their refrain earned them a smile, a couple of lei, a pat on the head. Revolutionary exuberance filled the air.

Today, excitement has given way to disillusion, cynicism and bewilderment. Even the word "revolution" has disappeared from the vernacular. People simply refer to "The Events". It makes little difference to the money-changers who loiter at the entrance to the damp tunnels of the underground. The name of their game is survival.

Will we survive? Maybe not. Even though there is no alternative to our government I think we will be sacrificed," says Mr Petre Roman, a young prime minister. He does not say by whom.

His party, the National Salvation Front, which was catapulted into power last December and which won a landslide victory in the May elections, is today struggling to maintain stability. Conservatives in the NSE want little to do with reforms which would sweep away the gargantuan bureaucracy. The small group of technocrats have little support to implement change. There is no certainty about the future.

Mr Roman has just ended another long day of meetings. The government has spent many hours discussing the economic reforms. He still manages to be friendly and patient. No, he does not mind if the photographer lingers. She sets to work. An unidentified man at the other end of the room keeps a camera rolling. After 10 minutes, the photographer is asked to leave. "Prime minister, will you ask that gentleman to leave too?" He says. "What is he doing?" "Filming." "Why?" "They need it."

"They" include Mr Adrian Serbu, the secretary of state who runs the government's information department. He sees himself as the guardian of the real truth. He chisels away at the morale of the domestic and foreign press corps. "You are all against us," he says.

His elegant clothes, and carefully groomed hair and beard betrays his passion for fashion. "You are always trying to criticise us. If you are not attacking us for our alleged communist past, you are seeking out negative things to report about how we treat the orphans, the Aids victims and the handicapped," he adds. "We are all handicapped in this society."

"Mr Roman," I ask, "you remain committed towards introducing reforms and a democratic system, but some of your critics say that this government will never have a legitimate right to rule. Do you think this is a realistic assessment?"

"Yes. The truth is not expressed on television. There is distortion. We are working continually to put across our opinions to different social groups. Since the elections, some western governments have not supported us. The elections did not fit into some of their scenarios. They still believe in scenarios, but not the truth."

There is a crisis of authority in Romania today. Mr Adrian Serbu, the editor of the daily Romania Libera, inhales strong, raw Romanian tobacco in his large office. "It is a vicious circle. This economy is spiralling downwards. We need western financial assistance but we cannot obtain it. The June riots (when miners were called by President Ion Iliescu into the capital to quash anti-

One year after the overthrow of Ceausescu, Romania is gripped by disillusion and despair. Judy Dempsey reports

## A society in search of truth

government demonstrations destroyed any goodwill which we had with the west. Our image cannot improve until this country can be run by democratic means. Yes, I think the prime minister is well-intentioned. But we still have to fight for the freedom of the press and for the truth. Fear is coming back. In the old days, we knew whom to fear. We do not know whom to fear today."

Ana, who works in a hotel, says the fear exists because the government has not put any of the Securitate (Ceausescu's hated secret police) on trial.

She knocked on my room door one day during the election campaign. "We caught one of them. He had a camera equipped with a strong lens. He was filming the demonstrations on University Square. We brought him down to the management. We were very angry. We wanted him arrested. The manager took us aside. 'You have families to feed,' he said. It was an order to remain silent." Many of Ana's friends have emigrated, or are thinking of leaving the country. The prospect of a brain drain horrifies younger members of the government.

Since last December, not one Securitate officer has been tried or sentenced. These are the people who made life a misery for millions of Romanians. Why have they not been put on trial?

General Corneliu Bodea is the president of the Military Section of the Supreme Court. He is supposed to be arranging trials for officers above the rank of general. He says some of the Securitate files have disappeared. How? He cannot say. He claims that witnesses have changed their statements. Why? He has no answer.

General Ion Mitor is president of the Territorial Court of Bucharest and is responsible for ranks between colonel and major. Appeals from the county courts are referred to him. He says there is not enough evidence to convict any of the defendants. Why not? People are changing their testimony. Why? He does not know.

A lawyer living in Bucharest says people are afraid. What are they afraid of? They think the Securitate is still around; some have received threats from families. Which families? Nobody names names. What kinds of threats? Rumours abound.

Over a quarter of the Securitate officers are working in the newly-formed Romanian Information (Intelligence) Service, and President Iliescu insists that the country needs professional intelligence officers.

Mr Bogdan Baltazar, the government's spokesman, says that there must be better ways to exercise control over the Securitate. "I was one of their victims," he says. Like many other officials, however, he is elusive about the delay in bringing the Securitate to trials.



Top: Soldiers prepare to defend against attacks by the Securitate, Bucharest, Dec 1989. Middle: Jubilation at news of President Ceausescu's downfall, Bucharest, Dec 1989. Bottom: Angry protesters in anti-communist demonstrations, Bucharest, Nov 1990

Ceausescu. The hall was packed with young people. As the evening wore on, the nationalist fervour intensified, the clenched fists punched the air, the poems and songs were peppered with praise for the Conducator.

Mr Paunescu seems to have forgotten about those days. Today, he holds court in a dimly lit room in his town house in Bucharest. What was it like writing such poetry? The long silences are punctuated with short, staccato-type sentences telling how he had argued with Ceausescu and preaching the need for a spiritual and mystical revival. Despite the acute shortage of paper, Mr Paunescu is editor of three papers.

It is disgusting. Is this what we fought for - to read new propaganda

by Paunescu?" says Dorel, a young engineer. "He has no shame."

Nor has Mr Corneliu Vadim Tudor. He used to write articles dedicated to Ceausescu with catchy titles like "Guardian of our most precious treasures", "Our National Hero", "Our Secular God", "Supreme embodiment of good". No longer.

Today, Mr Tudor and Mr Eugen Barbu, one of Ceausescu's chief propagandists, publish and edit Romania Mare (Great Romania), with a weekly circulation of 500,000 copies. Mrs Doina Cornas and Mr Mircea Dinescu, the lonely, oppressed voices of dissent under the ancien régime, are slandered unashamedly. Radio Free

Europe and the Jews, free masons and foreigners, and particularly intellectuals and Hungarians, are singled out for special treatment. "Sure I read the paper. I like the style," says Mihai, a journalist. "Its racy, convincing, a good read."

Mr Adrian Nastase, the foreign minister, shrugs aside suggestions that Romanians are in a hurry to discard racism. "This is democracy. The press is free." During the interview, his aide takes copious notes.

The lights shine bright in Cap-sa's. In the old days, we had to leave the restaurant by 9pm because of rationing. Everybody spoke in low voices. The Securitate were ubiquitous. These nights, Cap-sa is lively. The waiters scurry around. The menu is more substantial. The manager has good connections.

Dr Alexandru Ancu, a gynaecologist at the Municipal hospital, takes time off work to meet me here. He is his usual, cheerful self. During the Ceausescu era it would have been impossible to meet him. Romanians were then actively discouraged from talking to foreigners. All conversations had to be reported to the police. Nobody was allowed to travel abroad.

"We know it is going to be difficult. But we all have to learn how to work again," says Dr Ancu, who himself works at least 14 hours a day. Since January, he has been reorganising the gynaecological clinic. Now that the ban on abortion has been lifted, he says more than 50 women a day queue at the hospital. "I just worry that we will not have spare parts to maintain the equipment donated from the west and there will be a shortage of doctors."

Outside, the dimly-lit streets and the poorly-stocked shops betray the difficulties in pulling the economy out of years of neglect. But the economic deprivation is not the only driving force behind the waves of demonstrations. The demons amount to outpourings of despair.

The people of Timisoara ache with despair. Last December's "Events" were precipitated by Laszlo Tibek, the Lutheran Pastor who denied a harsh sermon by the Securitate, refused to stop preaching sermons about the truth. He would have been a national hero in any other country.

On December 5 1990, Rompress, the official Romanian newswire, issued the following report:

"In the Senate session of 5th December, the leader of the majority National Salvation Front, Vasile Vacaru, a Senator from Gorj, submitted an interpellation... it demands that the Romanian government advise what attitude it intends to adopt about the actions of Laszlo Tibek, who by statements made in the country and specially abroad, seriously offended the Romanian state... giving the world a false picture of Romania. He also demanded that, starting December 1990, visas be made compulsory for any foreign citizens visiting Romania... a lot of individuals keep coming to Romania for dubious purposes..."

Eugen is a 23-year-old translator. He was one of the many young people who helped to oust the Ceausescus from power this time last year.

"The people of Bucharest and Timisoara are demonstrating again because they want to know the truth," he says. "We want to know what really happened last December. We want to know why the long-awaited report about the tragic ethnic killings between Romanians and Hungarians in Tirgu Mures last March has not yet been published. We want to know why the report about the miners' violence has not yet been published. No government will have any support, especially from the youth, until it tells the truth. Without the truth, there is no hope. I am sorry for my country."

## MAN IN THE NEWS

Nicholas Hardwick

## Advocate for the children of the streets

By John Lloyd



George agree that such a culture (if it exists) is infinitely preferable to the street culture now obvious to all on London's streets. Hardwick reckons that, on any given night, some two to three thousand young men and women try to find some place to sleep. He is a chronic overworker, with a mild, slightly embarrassed manner and an amused detachment from much of life. There is apparently nothing about him of the self-sacrificing charity worker; yet there are few people whom one could meet who more clearly and unfussily takes his neighbours' troubles upon himself.

His appointment in the past week, more than any other taken by the government formed by Mr John Major, signals the end of one of the sustaining dogmas of the Thatcher years. For the next six months, he will be part-time adviser to Sir George Young, the newly appointed housing minister. The two go back some years, when Sir George - a back-bencher and chairman of the All Party Homeless Group - used to dig away at the government about the explosion in the numbers of London's homeless young, with information and experience supplied by Centpoint.

In appointing him, Sir George makes it plain that he does not believe that the withdrawal of the state forces people to stand on their own feet. On the contrary: he is making it clear that he believes the state can and should sustain the urban street youth, even at the price of producing a "welfare" or "dependency culture".

Both Mr Hardwick and Sir

George agree that such a culture (if it exists) is infinitely preferable to the street culture now obvious to all on London's streets. Hardwick reckons that, on any given night, some two to three thousand young men and women try to find some place to sleep. He is a chronic overworker, with a mild, slightly embarrassed manner and an amused detachment from much of life. There is apparently nothing about him of the self-sacrificing charity worker; yet there are few people whom one could meet who more clearly and unfussily takes his neighbours' troubles upon himself.

Three years ago, at the end of 1987, Hardwick warned that the changes proposed by the government to social security benefits paid to the young - roughly, that they would be more difficult to obtain, and that housing benefit would be paid in arrears - would greatly increase the already evident growth of the homeless.

The thinking behind the changes, heavily influenced by American research, was precisely that there was such a thing as dependency culture, and that many of those who had left home and were sleeping rough, shooting up and

beginning in and around Soho were being encouraged by the provision of welfare. Were it made more difficult for them, some at least would shape up and become decent citizens.

For Hardwick and others like him, this is largely rubbish. He sees the changes which did come in the 1988 Social Security Act as wholly retrograde, making a situation already made hard by the steady decline of the availability of rented property still harder. Society, he believes, carries more of the responsibility than the individual.

In a couple of lengthy sessions with Mr Hardwick in the past two years in the hostels which his organisation runs, I have seen the children, or young men and women, whom he attempts to help. The bulk of them are not pitiable in any obvious sense: indeed, some (not the majority) are often repellently obnoxious - aggressive, mendacious and indifferent alike to kindness and help. Others are extraordinarily pathetic - withdrawn to the point of inarticulacy.

Already, the government has recognised the crisis this con-

stitutes: £100m was announced (for the third time) earlier this week as earmarked to provide more accommodation in and about central London for those who now sleep in underground car parks, or empty carriages, or in doorways. A large part of Hardwick's job will be to advise on how to spend it, drawing on his experience with the charities, the agencies and the local authorities.

But he wants, too, to aim higher: to take advantage of the opening surprisingly presented to him to argue the case against the "dependency culture" theory. His own view - it is only a view, but it comes from what seems to be a relatively unencumbered observation - is that few of these young people want to be where they are: that for many, almost anything is better than a violent or brutal London house and that given support and avenues of escape or betterment, they will take them.

How far will this go? How far does his appointment represent simply the initiative of a sympathetic minister and an interventionist secretary of state (Michael Heseltine) with freedom to act? Or how much does it reflect the views of a prime minister who draws on his own time spent, in his youth, close to the margins of society, to proclaim that he has at least a vicarious sympathy with those down on their luck, and thus by implication does not share the "cruel to be kind" approach of the neo-liberal radicals. Hardwick, open-minded on the matter, hopes to discover.

In one of the larger car parks in central London, in a passage hidden away from its main concourses and with a ready means of escape from marauders, guards or police, perhaps a dozen street children sleep every night. A draught of warm air along the corridor stopping them from freezing. It is better, safer and more accessible than any hostel in the area. It is when that calculation is made in favour of the hostel that Hardwick will think he has done some good.

## RAISED IN THE HIGHLANDS.



## THE FAMOUS GROUSE FINEST SCOTCH WHISKY

QUALITY IN AN AGE OF CHANGE.

كتابي الاول













هكذا من الأصل

■ Mr Tom Redding, sales director, is promoted to managing director of THE L.S. STARRETT COMPANY, Jedburgh, from the end of the year. He succeeds Mr Archie Wallace who retires but continues as a non-executive director.

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 021-025-7128.

[illegible]

Franchise	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400
-----------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

[illegible][illegible][illegible]

... ..

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128.

112

● Current Unit Trust Prices are available on FT Cityline. To obtain your free FT Cityline Code Booklet ring the FT Cityline help desk on 071-925-2122.

[illegible]

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128.

[illegible]



# Threat of protectionism clouds European horizon

Because multinational companies already have many production locations and rely to a lesser extent on trade flows, they could prove the most defensive stocks to hold in any trade row that flares up next year. Other large companies could see a period of quickening adjustment as they move into regional centres in a bid to circumvent trade barriers.

points included in the Uruguay round would be significant for many large European companies. A move to protect copyright, for example, would be a great value to strong consumer brands and to engineering companies, which have products that have been copied on international markets. Fake Gucci handbags and counterfeit Lucas aerospace products cut into the earnings of European companies which produce the originals.

The effect on the textile industry would be mixed, however. The more expensive brand names could benefit from the liberalisation of the

## LONDON SHARE SERVICE

[illegible]

COMMONWEALTH & AFRICAN LOANS									
100% 2004/2005 Bond 2 1/2% 4 years	2004								
94/4 64 1/4 Do. 4 1/2% 97-92 Amort	64 1/4					5.12	9.33		
LOANS									
Building Societies									
100% 1994/1995 100% 100% 100%	100%					4.88	5.27		
100% 99/01 Do. 4.25% 72	100%					4.75	4.91		
Public Board and Ind.									
50% 421000 W.V. Sec 7	50%					5.71	9.70		
FOREIGN BONDS & RAILS									
1999									
High	Low	Stock	Price	%	Div	Yld	Net	Div	Yld
50	50	Do. 4 1/2% 97-92 Amort	50	3.5	7.00				
50	50	Do. 4 1/2% 97-92 Amort	50	3.5	10.00				
50	50	Do. 4 1/2% 97-92 Amort	50	3.5	10.00				
120 1/2	100 1/2	Do. 4 1/2% 97-92 Amort	121 1/2	12.6	12.11				
CANADIANS									
100% 1994/1995 100% 100% 100%	100%					4.88	5.27		
100% 99/01 Do. 4.25% 72	100%					4.75	4.91		
AMERICANS									
100% 1994/1995 100% 100% 100%	100%					4.88	5.27		
100% 99/01 Do. 4.25% 72	100%					4.75	4.91		
OVER OTHERS									
100% 1994/1995 100% 100% 100%	100%					4.88	5.27		
100% 99/01 Do. 4.25% 72	100%					4.75	4.91		
UNITED STATES									
100% 1994/1995 100% 100% 100%	100%					4.88	5.27		
100% 99/01 Do. 4.25% 72	100%					4.75	4.91		

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-212.

PHOPLEGTH



**PLUMB CENTER**  
**WOLSELEY plc**  
*The name behind the name.*

# FINANCIAL TIMES

Weekend December 22/December 23 1990

**Willett & CEMENTATION**  
CONSTRUCTION  
LOCAL EXPERTISE  
NATIONAL CAPABILITY

## Supporters fight to win majority needed for presidential changes Gorbachev's new powers at risk

By Quentin Peel in Moscow

**PRESIDENT** Mikhail Gorbachev, battered by the resignation of Mr Eduard Shevardnadze, his foreign minister, yesterday looked in danger of failing to gain the majority he needs for sweeping new presidential powers.

Presidential advisers have been urgently lobbying for support among members of the Congress of People's Deputies, where such constitutional amendments require a two-thirds majority of the 2,241-strong membership.

If they fail, the vice-presidency for which Mr Shevardnadze was expected to be a candidate, will not be set up; nor will the new system of executive power for the Feder-

ation Council, involving the presidents of all the union republics, and the direct subordination of the central government to the president.

It was reported last night that Mr Gorbachev had chosen Mr Valentin Pavlov, the finance minister, as his prime minister in place of Mr Nikolai Ryzhkov. The news came from the Interfax agency, the Moscow Radio news service which frequently has reliable sources.

If confirmed, the decision could have been another factor in the foreign minister's departure, for Mr Pavlov is a traditional bureaucrat, although a relatively enlightened one. Interfax said the new vice-pres-

**Soviet Union after Shevardnadze** Page 2

ident would be a non-Russian, reviving speculation that instead of Mr Shevardnadze, it could be Mr Nursultan Nazarbayev, president of the Kazakhstan republic.

Mr Gorbachev and Mr Shevardnadze met for two hours yesterday. The president's spokesman said they did not discuss the foreign minister's resignation, but talked about progress in disarmament talks and Mr Shevardnadze's latest visit to the US.

Last night Mr Gorbachev met the deputies from Molda-

via, who had stormed out of the congress earlier this week, to persuade them to return. In exchange, he promised a decree declaring the creation of independent republics within Moldavia illegal, according to Mr Mircea Snegur, the Moldavian president.

The meeting was crucial in Mr Gorbachev's desperate efforts to secure a majority of 1,495 votes in the congress, where this week the attendance has dwindled to barely 1,700 because of nationalist boycotts by Armenia, Lithuania and Moldova, and widespread disaffection among radical democrats.

An urgent appeal to deputies to attend was issued last night

by Mr Georgy Kryuchkov, a member of the congress secretariat. He said that alternative proposals, to change the congress standing orders and reduce the majority required for constitutional amendments, themselves required a two-thirds majority and would lay the congress open to accusations of rigging the issue.

Mr Gorbachev has won the backing of conservative deputies in the Soyuz group for his new powers. This was pledged again yesterday after the resignation of Mr Shevardnadze.

However the resignation may have decided many wavering liberals to vote against the powers, for fear of giving the president dictatorial authority.

## The fading charms of advertising

The latest plunge in WPP's share price is a vivid reminder of the astonishing state of the world advertising industry. Since the start of the year, Saatchi & Saatchi's share price has fallen by 87 per cent. WPP has now fallen 92 per cent. Between them, these two giants of world advertising control one eighth of an industry with annual gross turnover of some £200bn. Their combined market value is just \$33m.

As with the UK retailing industry, the story is not so much one of collapsing demand as of implausibly grandiose assumptions of growth. In the 1973-74 recession, advertising was in comparative terms a cottage industry. The next recession of 1980-81 hit the manufacturing sector rather than services. The industry therefore came to assume that it was exempt from the economic cycle. It also assumed it was safe to finance its endless expansion through debt.

In WPP's case, the result is the revocation of the promised \$2m interim dividend payment due in January. It looks highly likely that WPP will thereafter join Saatchi in the melancholy distinction of passing its preference dividend. The £200m preference issue is fortunately not due for repayment until the year 2009. It is nevertheless on a running yield of nearly 70 per cent. WPP's bankers are in the process of amending the covenants on next year's interest cover from 2.5 times - which would doubtless be breached - to around 2.6 times. It remains to be seen whether the price they exact leaves anything for ordinary shareholders.

### Merchant Navy

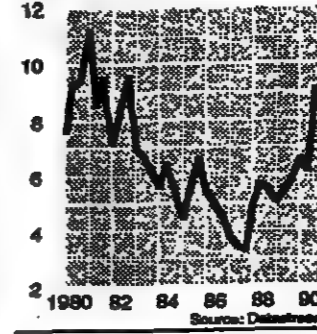
It is no new phenomenon for pension trustees to disband an in-house investment team and opt for outside fund managers. It happened at the Civil Aviation Authority, Unilever and British Rail. That it should be happening now to the £1.5bn Merchant Navy fund is unfortunate. For Argosy, the in-house investment management team led by Mr Geoffrey Musson. But the law is a harsh taskmaster for the pension trustees. If pensioners are better served by the fund being managed externally, so be it.

The complicating factor is the Merchant Navy scheme's 80 per cent ownership of Ensign Trust, Mr Musson's pride and joy, with its raft of collection of large stakes in small or unquoted companies. Liquidating Ensign, as the

FT-SE Index: 2,164.4 (+5.6)

### ICI

Dividend yield (%)



scheme wishes, could be a long job, sending big waves through the City, given the holdings such as its 24 per cent of Ivory & Sims, or 7.5 per cent of Robert Fleming. But it is hard to see an alternative. Ensign's investment approach has been colourful, but unproductive, delivering a net asset value growth of only 7.25 per cent per annum since 1985; and as the recession bites into the small company sector, things will get worse in 1991.

It is equally hard to see any hope that the Merchant Navy fund will buy out the 20 per cent of Ensign held by outsiders, for all yesterday's protest from two Ensign directors. Outsiders may benefit more anyway from a slow death of Ensign than from a quick, but cheap bid now.

### ICI

One of this week's more chilling suggestions for the UK equity market came from the chemicals sector. ICI, which on Thursday rang round the market reducing profit expectations, is by common consent not going to cut this year's dividend. The question is now being posed about 1991. For the market as a whole, the more cautious brokers are assuming maintained dividends next year. If ICI cannot be trusted, that must be in doubt.

If, as the company now says, its pre-tax profits will not reach £1bn this year, the final quarter cannot produce more than £100m or so. Project that through the whole of next year with something on top for seasonal products like agrochemicals and the worst case result of £520m would cover the dividend just once.

But the cash position is another matter. In 1990, ICI cut its yearly payment by 26 per cent. Doing the same again

would save a net £100m, which for a company with net debt of nearly £2bn and gearing at a comfortable 40 per cent is not hugely material. When the interim payment comes to be decided in July, the Gulf outlook will be clearer one way or another. Since a cut would finally condemn ICI to the status of a cyclical yield stock, it must be heavily against the odds. The market may come to worry about it just the same.

### Burmah

There are all sorts of reasons why Foseco lost its battle for independence. Its record was unimpressive, its top management was in a state of flux and there was considerable doubt about the outlook for next year's profits. That said, an exit multiple of 11 times earnings is far from generous. Some of the investors who threw in the towel were probably motivated more by a short-term need to improve their own snobbish investment performance than anything more concrete. There are plenty of other vulnerable companies who could find it equally hard to defend themselves from a sensible bidder.

For Burmah, the deal is good news. After a couple of embarrassing false starts, it has dispelled fears that it would be forced to pay a silly price to satisfy its need for a major strategic diversification. But Foseco will add to its own ACT problems and, depending on how the borrowings are funded, earnings could be diluted by close to 10 per cent. Gearing rises from near nil to almost 60 per cent. Burmah needs to demonstrate fairly quickly that it knows how to maximise Foseco's undoubted potential. But given the successful execution of the bid, the market will be prepared to give it the benefit of the doubt in the near term.

### ERF

Shares in ERF Holdings, the plucky little Cheshire truck maker, have been acting curiously. From a peak of 50p in April 1989, they fell to a low of 8p this month. Ten days ago, the company reported a half-yearly pre-tax loss and cut its interim dividend, thanks to dropping UK sales. Despite that, the share price jumped 42 per cent in two days this week for no clear reason other than vague talk about a Japanese bid. Then yesterday afternoon, ERF announced its largest ever order. One wonders who knew what and when.

## Major urges US to be flexible on farm subsidies

By Lionel Barber in Washington

MR JOHN MAJOR yesterday delivered a tough warning that the US should adopt a more flexible stand on agricultural subsidies to help break the stalemate in global trade talks.

In his prime ministerial debut in Washington, he also made clear to Mr James Baker, US secretary of state, that the European Community needed to be more forthcoming in its own negotiating position in the stalled talks of the Uruguay Round of the General Agreement on Tariffs and Trade.

The Uruguay Round was suspended at the end of a meeting in Brussels earlier this month after disagreements over how far and how fast to cut subsidies. Mr Arthur Dunkel, GATT director-general, will try to revive the talks at an ambassador-level meeting in Geneva on January 25.

In the negotiations, the EC has offered a 30 per cent cut in farm subsidies over 10 years, but the US and the 14-member Cairns Group of farm product exporting countries sought deeper cuts.

Mr Major's day in Washington began with a blitz of early morning television interviews where he was forced to explain how he differed from Mrs Margaret Thatcher. Mr Major said the direction of policy would continue but the style would be different. "I think every politician has their own style," he said. "Of course, it will change and evolve."

During this three-day visit,

Mr Major is scheduled to meet with senior Congressional figures and he will stay overnight at Camp David with President George Bush.

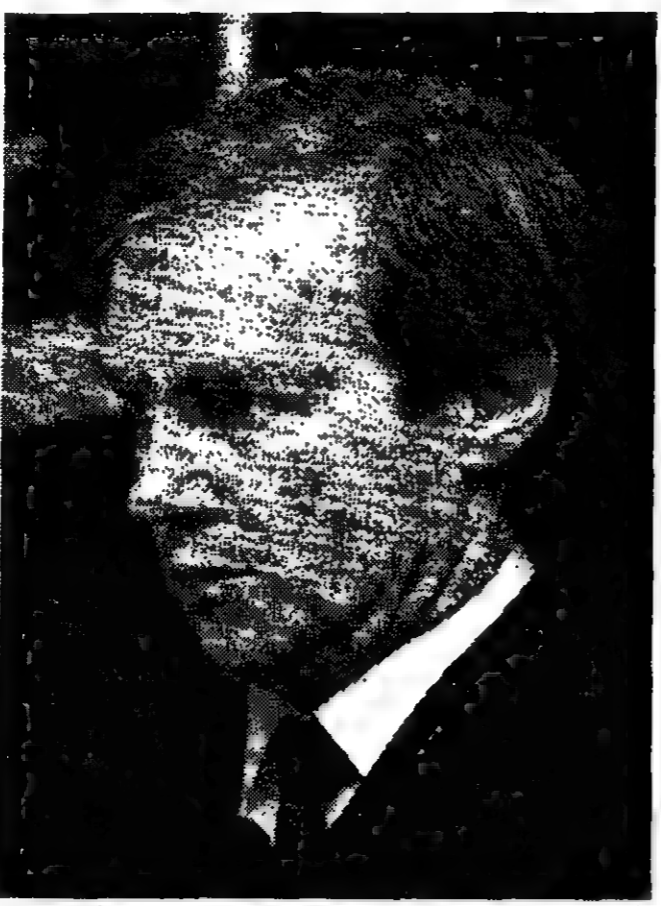
The first day of the visit was dominated by talks on the Gulf crisis and the resignation of Mr Eduard Shevardnadze as Soviet foreign minister.

Further talks are expected to focus on the co-ordination of military and political tactics if an offensive is ordered against Iraq. However, Mr Shevardnadze's resignation has thrust east-west relations to the fore.

Asked about the resignation, Mr Major said the Soviet foreign minister was a "remarkable peace-maker", and added that it would be a great tragedy if President Mikhail Gorbachev departed from his reform programme. However, the prime minister stressed that the early signs were that Mr Shevardnadze's departure would not lead to a change in Soviet foreign policy.

On Europe, Mr Major sounded more soothing than Mrs Thatcher: "I think the United States would want to see the United Kingdom absolutely central in a European Community, building and shaping the sort of community that is at present evolving".

However, the prime minister was adamant on the issue of a single currency: "There are very real economic difficulties... It would be potentially a very reckless economic thing to do."



Peter Lilley: no nationalisation by the back door

## Acquisition by French oil group referred to MMC

By Juliet Sychnave

THE £200m acquisition of the UK refining and marketing assets of US oil group Amoco by Elf Aquitaine, the French state-controlled oil group, was yesterday referred to the Monopolies and Mergers Commission.

The referral by Mr Peter Lilley, trade and industry secretary, overturns a recommendation by Sir Kenneth Borel, director-general of fair trading, not to refer the merger and follows four similar referrals of bids for UK assets made by foreign, state-linked companies.

Mr Lilley said the implications of the state control involved in the deal raised issues of public interest which warranted the investigation. He noted that Total Compagnie Francaise de Petroles, which has a presence in the UK market, was also influenced by the French government.

If the commission does rule against Elf Aquitaine, the group could be ordered to unwind the deal which was concluded in August.

Neither Elf nor Total has a significant share of the UK downstream oil market. One big UK oil company said it had been asked for its views on the deal, along with other big companies. "We said we believed this was simply the working of the free market, and we had no objection."

But Mr Lilley's announcement in a statement on competition policy in July that he would pay close attention to foreign state control when assessing mergers and acquisitions was interpreted by some oil industry observers as an implicit reference to Elf Aquitaine's 25 per cent stake in the UK upstream oil company, Ennise Oil.

The UK would not allow "nationalisation by the back door", Mr Lilley said at the time. Since then, Mr Lilley has referred four potential mergers and acquisitions involving foreign state ownership to the commission.

In September, both a proposed merger between the missile businesses of Thomson-CSF, the French state-owned defence electronics group, and British Aerospace, and a bid by the public sector bank Credit Lyonnais for Woodchester, the Irish leasing group, were referred.

Mr Lilley also referred a bid by Silex, the Credit Lyonnais subsidiary, for Signet, the credit card processing operation. A bid by state-owned Finnish group Kemira for ICI's fertiliser business was also referred in September.

Its report on the Credit Lyonnais bid was received by the Department of Trade and Industry on Tuesday.

## UK trade deficit falls to below £1bn

By Rachel Johnson, Economics Staff

THE UK's monthly current account deficit fell below £1bn for the second time this year, according to yesterday's trade data for November. The figures also suggest that the country's export performance is lagging in the recession.

The Central Statistical Office announced the current account deficit in November was \$971m - at one end of City expectations but better than the previous month's £1.1bn deficit.

Since August, imports have been falling and exports rising, but the CSO said yesterday that the sharp domestic downturn had begun to affect this year's export performance.

The value of exports in November was \$2.8bn, a rise of 1/2 per cent, and showed that companies were managing to switch some production to overseas markets. But the CSO said that export growth was rising more slowly, at an annual rate of 6.5 per cent in November after 7.5 per cent in October.

The value of imports was \$2.8bn, a decline of 1/4 per cent on the month. The Confederation of British Industry said the figures should be the case for the government "to ease the squeeze with a further cut in interest rates". It added that the underlying rate of exports had increased on a year ago while the fall in imports reflected the economic slowdown.

Quarterly figures confirmed that the import drop coincided with the onset of recession, as high interest rates curbed demand and forced manufacturers to find overseas markets.

In the three months to November, the deficit totalled \$2.5bn - the lowest quarterly deficit for almost three years - compared with \$4.3bn in the previous three months.

Over the same period, the value of exports was 4 per cent higher than in the previous three months, and 7.5 per cent higher than a year earlier. Exports of cars rose by 29 per cent over the period.

The visible trade deficit, excluding oil and erratic items, shrank by £100m in November to just under £1bn.

The news was received neutrally in the City, where the financial markets' attention was trained on Mr Eduard Shevardnadze's resignation and the Middle East crisis.

Mr Gordon Brown, the shadow trade and industry secretary, said the figures "mark a poor end to one of the worst years in our trading history, and confirm that Britain is at the bottom of the European trade league".

Forecasters gloomy. Page 4

## Zimbabwe places orders worth £70m with UK truck makers

By John Griffiths

ORDERS for 2,442 trucks worth more than £70m from the government of Zimbabwe have turned round the fortunes of the UK's last two independent truck makers, AWD and ERF.

The contracts will return AWD to profitability after it suffered "serious losses" this year, and should ensure that there is no further shrinkage of the 780-strong workforce, the company said.

ERF, which is also loss-making, said its share of the contracts represents the biggest single order in the history of the Cheshire-based company.

The orders come against the background of one of the steepest slumps in the UK truck market since the Second World War. Sales have plummeted by nearly one-third this year and by one-half compared with two years ago.

Under the contracts, signed in Harare yesterday, AWD is to supply 2,000 eight to 10 tonne trucks equipped with Perkins engines to Zimbabwe's Ministry of Industry in a deal worth \$48m. ERF's contract, valued at \$24.5m, is to supply 440 35-tonne tractor units equipped with Cummins engines.

The trucks will meet more than half the Zimbabwe government's requirement, announced in May, for 4,850 trucks to regenerate its frayed transport infrastructure.

The UK government is providing Overseas Development aid grants of 35 per cent, or £24.7m, with the other 65 per cent of the contract price covered by loans supported by the UK Export Credit Guarantee Department.

The loans are being arranged by Chartered Bank, the merchant bank of London-based Standard Chartered Bank.



IS THIS HOW YOU FEEL IN YOUR CURRENT BUSINESS LOCATION?

If, like most business people, you measure success in terms of expansion as well as profit, you could well profit by locating in Central Region. Why? Because we specialise in helping businesses grow. Whether you're a young company or already established, we can give you a wealth of advice on relocating, plant investment, training and market development. Everything in short, you'll need to know if you feel you're outgrown your current business location. All you have to do is ask. Ring David Moffat now at the Industrial Development Department on 0786 73111 for some of the most fitting business advice you'll ever get.

Central Region - THE HEART OF SCOTLAND'S BUSINESS. Central Region Council, Industrial Development Department, Scotland, Tel 0786 7072.

Registered at the post office, printed by St. Clements Press and published by the Financial Times Ltd, Number One Southwark Bridge, London SE1 1UL. © The Financial Times Ltd. 1990. Reproduction of the contents of this newspaper in any manner is prohibited. "FINANCIAL TIMES", "FT", "FT ORDINARY SHARE INDEX", "FT ACTUARIAL SHARE INDEX", "FT ACTUARIAL WORLD INDEX", and "FINSTAL" are all Trade Marks and Service Marks of The Financial Times Group.

BANGKOK DAILY 28° 82° Sunny

FLY **Thai** 071-499 9113

هكمن النحل

# Weekend FT

SECTION II

Weekend December 22/December 23 1990



## Flotsam of cut-throat years

John Plender on twelve months in which the Anglo-Saxon economies began to founder

**A**S YEARS GO, 1990 was unusually rich in headline potential. But from the perspective of the Financial Times, it was undoubtedly the year in which the bumper fowls of the previous decade came home to roost. The bill for Reaganomics came in, Margaret Thatcher was hoisted out and a surprising number of entrepreneurs who thrived in the gung-ho, free market climate of the 1980s were put inside. The Japanese finally picked their own stock market bubble and then, with characteristic efficiency, exported most of the bangover after the party to the credit markets of the rest of the world. And the longest post-war economic recovery, already half throttled by the financial engineers of Wall Street, London and Sydney, met its match - well, near enough - in Iraq's Saddam Hussein.

The question it raises is, how did we all get into such a financial mess? And why did the English-speaking economies, so prone to the liberalising tendency of the 1980s, get into a bigger mess than the Germans and Japanese? Somehow the good ship Anglo-America - the vessel that is loosely called the Anglo-Saxon financial model - seems to have foundered, leaving expensive flotsam, jetsam and a raft of human wreckage in its wake. Consider this less than seasonal legacy.

**The US Savings & Loans**  
As the American financial commentator Martin Mayer has remarked, the deregulation of the American thrift industry under President Reagan amounts to the greatest non-violent bank robbery in history. The Administration and Congress conspired to free the Savings & Loans, the US equivalent of building societies, to lend and invest as they saw fit at a time when their finances were falling apart. They also maintained a system of deposit insurance that guaranteed a continuing flow of funds into the shakiest thrifts regardless of managerial ability or prudence. The supervisory system, meantime, was run down to provide candle-end economies.

In effect, they sacked the guards and invited the robbers to loot the system, while congratulating themselves on reducing the cost of the guards' payroll. The wonder is that the Mob bothered to persist with violent crime when this tempting white collar alternative offered such easy pickings. Less surprising is that a huge crowd of Congressmen was caught with all four feet in the trough. The bill: up to \$200bn (\$106bn) in today's dollars excluding interest; \$500bn if you throw in the interest.

**Wall Street's rape of corporate America**  
Wall, not quite Wall Street because Dressel Burman Lambert's junk bond king Michael Milken moved to Beverly Hills before the job was finished. But the game was the same: build up a predator with bank and junk bond financing, then let him loose on the corporate sector to buy stakes in any remotely vulnerable looking industrial or commercial giant. Confronted with a hostile takeover or greenmail - "buy back my shares at an inflated price or I'll launch a bid" - the industrialists took advice from the Wall Street investment bankers, who urged any solution that promised to saddle the victim with the largest possible amount of junk and other debt while affording gigantic underwriting and advisory fees.

The gravy train continues to flow as corporate America collapses: the companies have to take further advice on the sale of assets required to keep the creditors at bay. Such worthies as Goodyear Tire and Rubber, textile producer Burlington Industries and the New York store Bloomingdale's, to name but three well-

known in the outside world, have found themselves confronting their problems with financial millstones around their necks. Even the most respected investment bankers have had their mounts in the trough.

The biggest casualty could be US monetary policy, if the Federal Reserve feels obliged to relax more than is sensible, for fear of bankrupting much of American industry. Last month the courts gave Milken his comeuppance. But Wall Street lives, ready and willing to play the parasite another day (of which more later).

**The great British credit explosion**  
The bill for this particular bubble, a deep recession to address the inflationary consequences, provides half the explanation for Thatcher's departure in November. Also responsible was the poll tax, a gross error that could have been avoided had she read Adam Smith as astiduously on the principles of taxation as she read her Bruges Group briefs on Europe - which was, of course, the other fatal mistake.

It all stemmed from the age old British obsession with liberal finance and increased home ownership. The prescription invariably pushes house prices out of reach of those trying to step on to the first rung of the housing ladder, while the rem-

edy invariably involves resort to stop-go economics and unemployment in the attempt to halt an inflationary spiral.

The credit explosion also spawned a takeover boom in a country so unimaginative that it has difficulty thinking up less expensive ways of despatching inefficient incumbent management. ICI quaked and BAT Industries confronted a potential hostile offer from Sir James Goldsmith and his predatory friends. Efficient and efficient alike battened down the hatches.

As always, a failure of monetary policy has been followed by a collapse in industrial investment. But this time one thing is different. In 1980 the British finally gave up pretence of being able to conduct a stable monetary policy. Yet instead of imitating the more successful Germans by privatising their central bank they opted for subjugation and the D-mark tribute.

In the Exchange Rate Mechanism interest rates fell not when UK domestic economic conditions made it necessary, as now, but when German domestic economic conditions require, which is not yet. If that sounds odd, wait until next year when we may have real moonshine in the inter-governmental conference on European Monetary Union. Is it too much to hope that those who have hitherto been content to hide behind Margaret Thatcher's skirts

will feel obliged to inject some realism into the debate? Would the deficit-laden Italians please come clean?

Also new is the attitude of the authorities to financial spivs. In the past, City watchdogs could be relied on not to round up the usual suspects when evidence of wrongdoing emerged after a boom. But not any more. Ernest Saunders, Gerald Ronson and Anthony Farnes are serving time for illegally rigging the market to facilitate Guinness's bid for Distillers; leading City folk who advised them face trial in the new year. For want of £3m bail Polly Peck's Ash Nadir has kicked his heels for much of this week in Wormwood Scrubs. And now the Serious Fraud Office boasts at its head a fierce female QC, who promises strict correction (and American-style television exposure as the police conduct high profile raids on head offices) for wayward financiers. Everywhere the round-heads are back in charge.

**The (temporary?) demise of the Australian entrepreneur**

In the 1980s Australia became the residual sink for the financial diseases of the Western world. John Elliott, Alan Bond, Rupert Murdoch (who has since taken American nationality), and the late Robert Holmes &

Court, among others, piled bank debt and junk bonds on to frail balance sheets in a newly liberalised financial climate. The collective achievement of these inheritors of the bush ranger's tradition was to notch up an external private debt mountain as they went raiding in foreign markets - so much so that Australian monetary policy was potentially hostage to their deal making fortunes overseas.

The Australian entrepreneurs undoubtedly brought colour to the world's financial markets. But most of them were little more than the creation of improvident bankers, which no doubt explains why they did so little to strengthen the tradeable goods sectors of their respective economies. Alan Bond, now facing charges relating to the collapse of the Rothwells merchant bank, did at least demonstrate to the world what most of us always suspected: bankers have forgotten how to read a balance sheet - witness the fact that much of his debt was incurred when his balance sheet showed a deficiency of net tangible assets.

**The Anglo-Saxon endgame**

Where does all this leave the poor Americans, British and Australians? Their banks, to a greater or lesser degree, are in trouble. Their balance of payments is in

deficit on current account partly as a consequence of the spending spree unleashed by financial liberalisation. And the games with junk bonds and the rest are over.

Significantly, it was the Japanese who blew the whistle when they declined to finance a highly leveraged deal for United Airlines of the US late last year. And now they are demonstrating the nature of the end-game by buying up Hollywood. New York's Rockefeller Centre and just about everything else in sight. The Germans, meantime, have been busy buying chunks of the US record and publishing industries. As the American family silver is popped off, the only questions are whether US banks will have to be rescued by foreign buyers or by American industrial companies with aspirations in financial services, and how much the taxpayer will have to stump up for past folly. Meantime the British are selling their only remaining computer manufacturer to Fujitsu (while continuing to buy up America on someone else's money) and the Australians are selling off Queensland to Japanese investors. The investment bankers, as ever, collect the fees as their impoverished domestic clients head through the exit.

Has the time come to acknowledge that in banking, as in monetary policy, the Germans and Japanese handle these things rather better? In the past their respective cultures have been heavily biased towards debt rather than equity. Their banks conduct much closer relationships with industrialists and their markets are relatively illiquid. Their entrepreneurs invest in products, not in hostile bids and deals. In short, their financial systems are servants, not masters, of domestic industry and commerce.

The Anglo-Saxon attitude towards these dangerous foreign habits is that they are too alien to provide a model. Yet oddly enough the debt financing tradition is not as foreign to the English-speaking economies as often assumed. In 1883, when the British economic ascendancy was just past its peak, 83 per cent of quoted UK securities related to governments and railways, consisting largely of debt. The equity culture was a more recent invention.

Nor is universal banking, in which securities underwriting and commercial banking are combined in one institution, so alien a thing in the US. It was merely killed by the Glass Steagall Act in the 1930s. Hostility to the American universal banks rested on fears of monopolistic concentration and potential conflicts of interest - criticisms that can also be heard today of German banks. The target of criticism was usually J.P. Morgan, whose partners peopled the boardrooms of US industry. Yet a recent study for the US Bureau of Economic Research by Bradford de Long suggests that the cost of those conflicts was outweighed for industrialists by the confidence effect they enjoyed as a result of backing from Morgan. The same study finds an interesting statistical correlation between Morgan's presence on the board and enhanced share price performance in the companies concerned.

All of which makes sense, since Morgan's men provided one crucial thing that has been conspicuously lacking in the highly liquid equity markets of the English-speaking world: a monitoring discipline over wayward management. That, of course, has been provided by banks, and to a lesser extent government, in Germany and Japan. The irony is that the liberalisation and globalisation of finance is finally beginning to infect these notably successful systems. But Anglo-Saxons should not indulge in premature *schadenfreude*. On past form the Germans and Japanese will find highly effective ways of managing the disease.

## The champagne loses its bubbles

**CHRISTMAS IS** almost upon us, but there is still just time to lay in supplies for the festivities. To make a change from the usual gloomy discussion of bear markets and economic recession I thought that this week, at the risk of trespassing upon the territory of other Weekend FT writers - I would suggest a mixed case made up of the dozen best wines that I have sampled during 1990.

1. **Frankfurt Bundesbanker Spätlese 1990** (sometimes known as Pöhlwein)  
A powerful German blend, this year for the first time including fruit from both eastern and western districts. Already gaining greater currency in the rest of Europe, it is a prominent example of the modern trocken, or dry, style but does not go always so well with traditional German cabbage-based (kohlrabi) dishes. Because of this year's high quality harvest the previous 8½ degree strength may be raised to 9 per cent, provoking protests from rival French vintners.

2. **California Liebtraumflink**  
This can be drunk now, but it is one that many Americans are regarding as best looked away for a few years. Somewhat assertive in style, it is a controversial choice, being regarded as mere junk by many experts, but there has always been very high level of interest in this wine. It is somewhat variable in quality, however, and may fall a long way short of expectations if retained to ultimate maturity.

3. **Bordeaux-France**  
Once sold as a sparkling wine, this is now being marketed as a flat blend by the new proprietors, M. Dreyfus. It originates in a zone strictly delineated by the Maurice and Charles domains in the Gers country. But enjoy it while you can at the current much lower prices, because despite being replanted with largely American rootstock the estate is threatened by disease and erosion.

4. **Château Lamont, Vin Rosé Nouveau 1990**  
This one was rushed out for consumption on November 28. The vineyard was originally a Rothschild property, but now a major stake is owned by other interests. It may be presumptuous but it is fresh and fruity, and unexpectedly dry with a steely aftertaste and impressive 14 per cent strength. If kept, it may well mellow by the spring, depending on the temperature and the pressure, and the cellar managers forecast that the cloudiness should disperse later in the year.

5. **Vin Nicholas extra sec**  
This was the controversial winner of the recent *Spectator* magazine wine award. It is a highly conservative blend, admittedly heartily disliked by German wine drinkers because of the massive dose of raspberries. But with its bone-dry body it is a firm favourite of certain British tipplers, especially around the clubland circuit, albeit spilt for some by the abrasive aftertaste and the smoky bouquet.

6. **Bondy's Creek Bin 90**  
Famous for its spectacular deep red style, this is a typical gussy and pugnacious Australian concoction. Despite borrowing heavily in its formulation from Europe and America (and, in fact, from just about everywhere) it succeeds in achieving a distinctively Down Under character. You will appreciate the cheeky aggression, fruity overtones and long, lingering finish. Don't worry about the price, your bank

manager will gladly help. Best drunk soon, as, like most Australian wines, it may not last well.

### The Long View



**Although 1991 looms menacingly there is still time to drink a toast to 1990, in any one of twelve Wines of the Year**

English confection. Despite borrowing heavily in its formulation from Europe and America (and, in fact, from just about everywhere) it succeeds in achieving a distinctively Down Under character. You will appreciate the cheeky aggression, fruity overtones and long, lingering finish. Don't worry about the price, your bank

man will gladly help. Best drunk soon, as, like most Australian wines, it may not last well.

7. **Domaine Delors R.C.**  
Featuring the new Euro-appellation Contrôlée, this is a so far only partly-successful attempt to combine as many as 12 different national varieties into a single blend. In parts of the Champagne it is thought ready for drinking now, although some experts believe it should be left until 1994, or even 1997, before the various flavours will fuse together satisfactorily in later stages of development. It goes perfectly with Brussels sprouts - mmml.

8. **Champagne Lawson 1987**  
Make sure you obtain the 1987 version - subsequent vintages have been very disappointing, especially the 1989 (even though this *grande marque* was regarded at the time by insiders as "unassailable"). The '87 represented something of a miracle, with a plump and full style, although the short-lived attempt to copy German quality control standards for sekt proved misguided and contributed to the poor subsequent vintages. It is still a great favourite with yuppies in City of London wine bars.

9. **Hemeltine Meier 1990**  
English wines have come into their own in the changed climate of 1990, and after four barren years of chilly winds the Hemeltine estate has leapt into action following a sudden flowering. Unfortunately the second fermentation was not quite as successful as the first, but the product is now definitely back in the display cabinet. Incidentally, the proprietor has won an environment prize.

10. **House Red (Holborn Vineyard)**  
Now being sold off in bulk or in singles, at a cut price for prudential reasons associated with the recent high interest rates, this one is almost worth booting your house for. A faintest hint of sour grapes is buried in a delicious flood of spiciness, pungent raspberries and acidity, with biting after-effects. Offers are invited.

CONTENTS			
Family & Finance: Philip Coggan investigates the January effect	III	Wine: Janice Robinson lists last-minute wine buys	VIII
Crossword: Giant holiday puzzle	IV	Travel: Nicholas Woodworth on the tropical puzzle of Mauritius	XI
How to spend it: Lucia van der Post offers late gift ideas	VII	Private View: Christian Tyler talks to publisher Jock Murray	XVI
Arts: XII, XIV, XV	Chess: XIV	Food & Wine: VII-X	Markets: VII
Books: XIV	Cricket: XIV	How to Spend it: VII	Private View: XIV
Bridge: XIV	Finance & the Family: IX-XV	TV & Radio: XIV	Travel: XIV

## Seldom has there been a better time to invest.

UK equities now represent excellent value. Only 5 times in the last twenty years has the market offered a higher yield.

On each of these occasions, the F.T.-A All Share Index grew by over 45% in the ensuing two year period.

The value of units may fluctuate and cannot be guaranteed. Past performance is no guide to the future.

For details of investment in our top quartile\* UK Equity Income Trust, call us now on 0800 282465.



### UK Equity Income Trust

Issued by Morgan Grenfell Unit Trust Managers Limited, 20 Finsbury Circus, London EC2M 1UT. Member of IMRO, LAUTRO and the UTA.



\* Source: Mitrupol, 11/4/88-1/12/90, offer to bid.

## MARKETS

## LONDON

## The broker that got it right — in retrospect

IT HAS BEEN an excellent year for Back, Track & Hind, the little-known stockbroker.

Market analysts at larger securities houses have filled rubbish skips with circulars, no sooner published than rendered out of date by 1990's fast-moving political, diplomatic and economic events.

What happened to those January reports which forecast the FT-SE 100 Index would rise to 2,700 by the year-end, for example? At the close last night, Footsie was standing at 2,164.4, nearly 11 per cent down on the opening level of 2,432.7 when trading started back on January 2. No wonder so many City staff are facing the sack — they are not up to the job of providing accurate forecasts.

But from their unassuming offices in Old Moore's Court, EC3, BT's crack equities team has provided a steady flow of uncannily retrospective reports for clients: briefing notes like

"Too Late Now To Buy Oil" (August 4); "We Knew She Would Resign" (November 24); and their moulting circular "ERM: One Week After The Best Moment To Buy Equities" (October 6).

In the last 12 months, the broker has not made a single mistake. But even Nick Nostradamus, BT's glib, 110-year-old head of UK equities, would admit that 1990 has been a difficult year.

The problems of forecasting for 1990 can be summed up in three words, or, to be more accurate, a noun, an abbreviation, and a proper name: recession, ERM and Saddam.

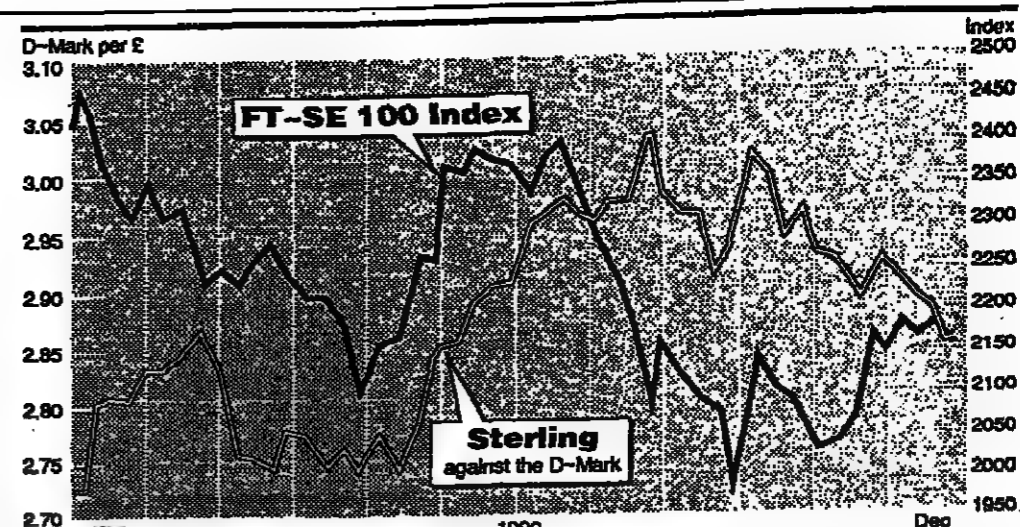
Recession — in the UK and worldwide — has provided the sombre backdrop to all equity investment this year. For almost everybody except John Major, in his incarnations as Chancellor and then prime minister, the technical definition of recession (two consecutive quarters of falling output)

has proved less important than the practical realities.

Significantly, Footsie reached its peak of 2,432.7 for the year — indeed, its all-time peak — on the second day of trading in January. At that stage, and for most of the year, the bull-talk was of possible cuts in interest rates; at the same time, some analysts were optimistic that a continuing drift downwards for sterling would ease pressure on overseas earnings, which make up about 45 per cent of profits from Footsie companies.

But the seeds of continuing inflation were already being sown. A round of double-figure pay-bargaining began with Ford, the motor company, and growth in retail sales indicated that the fast-moving economy was difficult to slow down. Under these circumstances, a reduction in interest rates began to seem a faint hope.

In fact, the pressure was already beginning to tell,



exposing in corporate UK strains of mismanagement, misjudgement, or plain misfortune which had been concealed during 1988 and 1989. The profits warnings began early in the year, in many cases heading a sad procession: share collapses, share suspension and inevitable receivership or administration.

Parkfield Group, the conglomerate, was struck down with spectacular suddenness: doubled interim profits announced in January; profit warning in June; share suspension and administration in July. Its liabilities of £275m equalled the market value of the company at the beginning of the year. Lowndes Queensway, the carpets and furniture group, also called in the administrative receivers, bankers throwing in the towel in August, only seven months after a £70m refinancing package.

However, the effect of companies which collapsed without much warning was more damaging, contributing to the debilitating air of nervousness and uncertainty which was the principal characteristic of the UK equity market in 1990. British & Commonwealth Holdings was one such unheralded catastrophe — dragged down by its stricken computer leasing subsidiary in midsummer — but even this was a corporate disaster outstripped within a few months by the decline of the Footsie com-

pany, Polly Peck International. In early May, market-makers hit on an alternative alchemy to rescue the suffering survivors of recessionary pressure from their purgatory. If interest rate reductions would not do the trick, it was this hope, ably stoked by the Chancellor's hints and innuendo, that brought Footsie back from its first-half low near the 2,100 mark in April.

In the event, ERM entry came not when the market was at its mid-year high of 2,400, but a few months after it had been knocked off that pedestal by the Iraqi invasion of Kuwait. By the time the tentative John Major had picked up the courage to do the deed, uncertainty about the possibility of Gulf war was a more telling and lasting influence on the market than any euphoria about ERM entry or the one-point cut in interest rate cut which accompanied it.

In addition, concerns were quickly expressed about the effect on some companies of entering the exchange rate mechanism at a comparatively high figure against the D-Mark. Not only are overseas earners now deprived of the relief afforded by a drifting pound, they now fear they may be locked into a punishing exchange rate.

If there has been one other notable characteristic of this year's market, it has been the lack of large contested bids.

Granted, there have been havens for the cash which institutions are said to be hoarding. The privatisation of the electricity distribution companies attracted record numbers of applications, rewarded with tiny parcels of shares; small, strategic rights issues — launched for the right reasons by companies in favour — still attracted investors' support; even Eurotunnel's more speculative £533m cash call proved to be successful.

But relatively few predators have taken the plunge with hostile offers and of those that have, a couple — Sowerby, bidding for Caird Group, and Godfrey Davies for Sketchley, for example — eventually took fright when they found out what they were buying, and lapsed their offers.

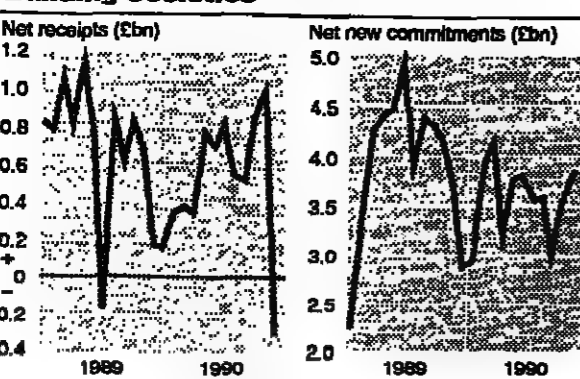
Indeed, for evidence that the end of the mega-bids in 1989, you need look no further than the abandonment by Sir James Goldsmith's Hoylake consortium of its £13.5bn hostile offer for BAT Industries in April.

As for Back, Track & Hind, Footsie's forecast of what level Footsie may reach by the end of 1990, Nick Nostradamus and his team will be publishing their predictions shortly. On January 1 1991, to be exact, in a market as volatile as this year's, one can never be too careful.

Andrew Hill

## FINANCE &amp; THE FAMILY: THIS WEEK

## Building Societies



## Net outflow from building societies

The building societies suffered a net outflow of £308m last month as small investors rushed to apply for shares in the electricity privatisation, according to the Building Societies Association. This is the first net outflow of funds from the building societies since July 1989, when Abbey National converted from a building society to a listed company. However, the BSA expects that much of the money will flow back into deposits in the next couple of months: as the electricity issue was oversubscribed, many investors will be receiving their cheques back in the next few weeks, and others who decide to sell their shares are likely to redeposit the proceeds.

Furthermore, the introduction of Tax Exempt Special Savings Accounts (or TESSAs) in January is likely to encourage savings and attract deposits for the banks and building societies.

On the mortgage side, lending increased for the third consecutive month with net new commitments amounting to £3.858bn.

The BSA warned that the mortgage and housing markets would remain subdued over the next few months unless there was another cut in the base rate. Sara Webb

## Slack trading in unit trusts

Trading in unit trusts was very quiet in November with just £522.7m worth of units being bought and £471.7m worth sold, leaving net new investment of £51m for the month. Whether the industry finishes with a positive balance depends very much on whether life companies carry out another switch from units into shares in December. It will not require much switching to swallow up the £207.9m net new investment achieved so far this year. Eric Short

## Money market fund launched

Swiss Bank Corporation is launching an international Money Market Portfolio in January for investors with a minimum sum of \$1m. The bank will invest the funds in money market deposits in a spread of currencies with a minimum of 40 per cent of the assets invested in the base currency. S W

## Christmas reading

The Good Retirement Guide 1991 by Rosemary Brown (price £12.99) is a new guide covering different aspects of retirement from finances to leisure activities. Murray Noble has produced a report called Ten Best Ways of Reducing Your Income Tax for Managers and Senior Executives, available from Murray Noble, 41 Whitehall, London SW1A 2BY for £3.50. Profits go to Shelter. The guide covers pensions, company cars, mortgages, investments and inheritance tax. For those more concerned with how to keep up with the bills rather than how to make the most of their wealth, the Child Poverty Action Group has produced a Rights Guide for Home Owners, price £3.50. It covers topics such as dealing with mortgage arrears and how to obtain grants. S W

## Electricity share offers

Crown Unit Trust Services is offering to exchange electricity shares for holdings in its unit trusts, free of dealing charges. Crown has a range of nine unit trusts: the minimum investment is £500 and will accept any size of share allocation as part of full payment. Independent Professional Advisers Services is offering to sell electricity shares at a flat rate of £10 per regional electricity company. The offer is available until January 16 and covers up to four members of the same household for transactions of up to £1,000. Customers with the Lambeth building society and Town & Country building society who were disappointed in the electricity privatisation will have interest on their cheques backdated to December 4. S W

## INSIDE...

## Loans to carry health warnings

David Lascelles reports on the government's continuing crackdown on the irresponsible marketing of credit, which should make it much harder for lenders to engage in dubious practices. Eric Short discusses details of a pleasant surprise for some investors holding certain 25-year, high-yield savings contracts which mature next year. And Sara Webb concludes our Family & Finance series on investment trusts with a look at the role of Personal Equity Plans in the sector. Page IV

## Minding Your Own Business

Sinclair Robleson meets a model businessman who swapped a career flying fighters in the Royal Air Force for a business making model boats. Olive Fawcett reports on a toy maker who is already busy making plans for next Christmas, and Peter Wilson of the Enterprise Partnership gives tips for surviving in a recession. Barbara Conway continues our series on business software with a light-hearted look at computer games. Page V

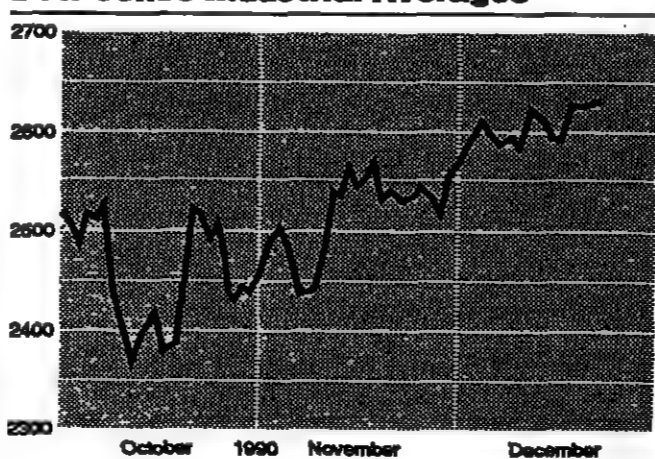
## HIGHLIGHTS OF THE WEEK

	Price	Change	1990	1990	
	Ytd	on week	High	Low	
FT-SE 100 Index	2164.4	-4.0	2463.7	1990.2	Shareholders' resignation
Allied-Lyons	475	-13	520	408	Fears of stock overhang in new year
Courtesy, Pope	38	+17	170	18	Recovery hopes
European Leisure	27	-11	94	22	Chairman warns on trading
Hawker Siddeley	440	+22	741	378	Recovery & long-term prospects
ICI	886	-21	1203	802	Co indicates profits less than £1bn
Midland Bank	184	-18	404	178	NK Banking abandons merger plan
Mosaic Int	280	+25	370	252	Interim results
NetWest Bank	289	-13	368	227	More profit downgrade
Pilkington	183	+10	255	130	Renewed bid speculation
Racal Telecom	275	+16	415	237	Henderson Creditwatch 'buy' note
Rosehaugh	80	-16	478	60	Reopening hopes of rate cut
Transport Dev	219	+8	248	181	Increased provisions state
Unibest	209	-39	396	207	Brokers lowers forecast
WPP Group	50	-29	715	42	Profits & dividend warning

## WALL STREET

## Funereal bells sound an alarm

## Dow Jones Industrial Averages



symbolic importance — a high profile demonstration that the Fed wants the cost of credit to ease throughout the economy — and practical consequences: it paved the way for the central bank to engineer another quarter point reduction in the key Fed Funds rate to 7 per cent on Wednesday.

This in turn has started to bring down the commercial banks' prime lending rates — the benchmark for many commercial and consumer loans — although the banks have been trying to maintain the 10 per cent level of the past year as long as possible to shore up their sagging profit margins.

The banking sector's problems are writ especially large at Citicorp and its most startling announcement this week was the dividend cut.

Several other large New York rivals have already lowered their dividends, but only a few weeks ago John Reed, Citicorp's chairman, was still insisting that this was a highly inefficient means of preserving capital.

Precisely what changed his mind is uncertain, for Citicorp was sitting tight this week, and refusing to elaborate on a statement which merely said the move reflected "marketplace realities".

A possible explanation is that the lower pay-out will help the bank with its efforts to place \$1bn of convertible preferred shares with international investors, who before the cut could have got a higher yield on the bank's common stock than the new issue.

The move followed a regular, but much anticipated,

## SMALLER COMPANIES

## At last, a note of optimism

THOSE INVESTORS in small companies who have recently seen very poor returns from the British stock market must have wondered if the grass might be greener overseas.

The answer would appear to be: not necessarily. At least judging by this week's results from Foreign and Colonial Smaller Companies, the small companies international investment trust in the F&C group, which traces its origins back to 1898.

In the six months to the end of October, the trust saw its net asset value per share fall 15 per cent to 82.9p and its share price fall 9.6 per cent to 70.5p.

These movements compare with falls of 14.7 per cent in the UK's Hoare Govett Smaller Companies Index, 51.7 per cent in the US Value Line Smaller Companies Index and 2.6 per cent in the Tokyo Second Section Index.

In view of these figures it might come as some surprise to learn that the trust has sold half its Japanese portfolio in the last year and is determined to raise its UK exposure from its already historically high level of 58 per cent.

Jeremy Tighe, the director in charge of the UK portfolio, insists that the trust's commitment to international investment is undiminished: he just feels that the UK offers far the best prospects at the moment.

When Japanese small companies started to outperform the falling Tokyo market at the beginning of the year, the trust took the view that this could not last and started to run down its portfolio.

The proceeds from the Japanese sales, means that the trust's gearing is currently standing at 4 per cent. In the early 1980s, gearing was in the twenties and Tighe expects it to be back up to 10 per cent within the next six months.

The trust is convinced that there are now real buying opportunities in British small companies, although most of its UK purchases made in the last six months have underperformed the market.

Tighe attributes much of the disillusionment with small companies in the UK to the collapse of entrepreneurs he describes as "Thatcher's children" — businessmen who borrowed heavily, expended rapidly by issuing highly rated shares, and then got into difficulties as high interest rates choked off the credit boom of 1987-88.

However, he now thinks that the coming recession has been fully reflected in the market's current low share prices. Because the management in this sector tends to be more committed, he believes that small companies will always have the greatest potential for rapid growth.

One consequence of the

decline in corporate activity and low turnover in UK small company shares is that brokers have been cutting the number of analysts who follow small companies. This can give an edge to institutional investors, who forge close links with managers.

Tighe says that most of the trust's decisions to invest come from personal contacts — often recommendations from managers of companies in which it is already investing about their competitors.

As for the overseas outlook, F&C believes that small company share prices in the US are looking very cheap, although Tighe admits that people have been saying that for several years. The trust has 18.6 per cent of its funds in the US and has obviously suffered from the recent decline in the dollar.

F&C also considers that the fall in the dollar could be about

to be reversed and will adjust its currency management accordingly.

Last year, the trust gained from switching yen borrowings into dollars and then placing the proceeds on deposit in sterling. In spite of having 22 per cent of its funds in the Far East, Tighe remains extremely wary of the Japanese market at its present level.

F&C is in no doubt that in the longer term, the greatest investment opportunities exist in Europe. But Tighe warns: "Small companies in Europe are a minefield. There is very little coverage and there are huge cultural differences in accounting and business practices."

The trust benefited from its link-up last year with Hypo, one of the biggest German banks, which bought half of the F&C group's managing company, Hypo sent over its senior German equity analyst, who has been advising the group.

At present the trust has only 11.1 per cent of its funds in Europe, almost all of it in Northern Europe. Tighe is sure that that level of exposure will increase, but says that the expansion will be cautious — particularly in the Mediterranean countries, where the business environment can be very different.

Andrew Bolger

## COMPANY PROFILE

## Midland ends the year on a low note

THIS WAS supposed to have been a historic year for the Midland Bank. There was to be a merger with the Hongkong and Shanghai Bank to form one of the largest banking groups in the world.

Instead, the two banks were forced to call it off this week because of the heavy losses both have suffered from bad debts. This was not the time, Sir Kit McMahon, Midland's chairman said, to tie up management trying to put together a complex marriage.

There was a note of sadness in his voice. For Midland, the deal could finally have resolved the endless problems which have dogged it for nearly a decade. Midland has, proportionately, the largest Third World debt exposure of the Big Four clearers, and the highest costs. The Hongkong Bank would have provided it with much-needed capital

strength, and enabled it to hold its head high again as "a global bank".

Instead, Midland will now have to make its own way in what are, by any standards, exceedingly difficult times.

Like all the clearers, Midland is a complex animal. It is the third largest of them, the bulk of its profits come from the familiar high street banking business with its yellow griffin emblem. This produced £420m of the group's £616m operating profit last year. Another good performer was the Thomas Cook travel group which has been part of Midland since 1972. That earned £23m, up from £14m the year before.

But virtually every other large division reported lower profits because of the worsening economic climate. Forward Trust, the finance house, was down from £30m to £45m. The worst performance came from

Midland Montagu, the group's corporate and investment banking arm, where profits were more than halved from £14m to £7m. This was partly because of bad debts, but mainly because of an ill-judged gamble on interest rates which left it with a lop-sided treasury book.

That was not the end, because Midland was then forced to make £877m of provisions against its Third World loans which left the bottom line £261m in the red. Even so, Midland was not financially strong enough to make the same amount of provisions as other clearers, which means its cushion against loss is not as well padded.

The tale of woe continued into this year when Midland reported profits of only £36m at the half-year stage, down from £315m the previous year. Again, bad debts and the trea-

Midland figures (£m)	
	1990 1989
UK banking	264 69
Midland Montagu	(2) (7)
Developing countries	
	44 5
Thomas Cook	9 13
Exceptional charge	(846) (38)
Group	(531) 36

sury book were to blame, with Midland Montagu reporting an overall loss of £7m. This leads analysts to expect very poor results for 1990 as a whole. The latest forecasts suggest that Midland will make no profits at all; it might even report another loss.

How, then, will its future shape up? Sir Kit is determined to make a viable, independent bank out of Midland. But this will require some drastic action. Thousands of staff will

be laid off, where possible, segments of the business will be sold to shrink the balance sheet, and the long-running battle against costs will be stepped up.

Not surprisingly, Midland's shares have been poor performers, buoyed for a while only by hopes of a Hongkong merger. The stock market values Midland at about £1.6m, less than half Lloyd's Bank, whose balance sheet is not even as big. In normal circumstances such a company would be ripe for takeover, but there are a couple of factors providing Midland with some general state of the banking business. So many banks are under pressure at the moment that the number of potential acquirers is very small if not zero. Any bidder would also have to do a deal with the Hongkong Bank which owns 14.8 per cent, but

is sitting on a hefty loss at current prices.

Another is the fact that Midland is a bank. This limits the potential for takeover by a non-bank or any non-UK institution because of Bank of England rules. Whether those rules would be strictly applied if Midland got into serious trouble is the subject of much City speculation.

At the moment, though, things are not that bad. Midland is weak and — suddenly — on its own. But no-one expects it to collapse. Short of a merger, the best thing that can happen is two or three years without any nasty surprises to allow management to get to grips with the problems and cure the weaknesses. Whether the market gives Midland that long remains to be seen.

David Lascelles

صك من النظم

FINANCE & THE FAMILY

Philip Coggan on reasons for New Year share buying

# The January effect



SHOULD you be tucking equities into Christmas stockings? December has traditionally been one of the best times to buy shares, because of the so-called "January effect". According to Datastream, the FT All-Share rose during 21 of the 25 Januarys between 1965 and 1989, with an average rise of 0.1 per cent.

Of course there is an innate tendency for share prices to rise, if only to keep pace with inflation, but the average monthly rise for the whole of the period is just 1.6 per cent, indicating that investing in January produces investment returns which are three times better than any other month.

The return is rather distorted by the miraculous January of 1975, when the All-Share rose by 63 per cent as the market rallied after the oil price shock, miners' strike and general depression of 1974. But there were two other years, 1977 and 1989 - when the market rose by more than 10 per cent.

The rule did not apply in 1990, as the All-Share fell by 2.6 per cent in January this year. However, there has only been one instance when the market fell in two successive Januarys - 1973 and 1974.

Research by Paul Walton of James Capel shows that there is in fact a December-April effect, with equities rising by an average of 12.6 per cent during those five months in the 25 years from 1965 to 1990. In the seven months from May to November, the market has actually fallen by an average 1.1 per cent over the period. That statistic bears out an old investment adage - "sell in May and go away".

As in 1989, a very poor illustration of this example. The All-Share fell in the December to April period and rose (although only slightly) in

the May to November period. Walton says that the December to April period has only been a less successful time to invest during the bear markets of 1969-70, 1973-74 and 1980.

What possible explanation can there be? No-one is certain. In Barton Malkiel's book *Random Walk Down Wall Street*, he mentions one possible explanation for the January effect in the US - investors sell securities at the end of

December to establish losses for tax purposes and buy them again in January.

On the surface, the London market should not benefit for the same reason as the UK tax year ends in April. However, UK investors do have a strong tendency to follow Wall Street, so if the Dow Jones is rising the All-Share is likely to follow. Walton certainly feels that US tracking could be a significant part of the explanation of

the "January effect".

The possibility that tax is a significant factor is given greater credibility by the fact that the second-best month for UK equities is April. For the two best months for shares to be the start of the US and UK tax years respectively seems too important to be a coincidence.

There are snags in this argument. If investors are simply buying back shares they have

bought at the end of the previous tax year, the market ought to show compensating falls in December and March, but the market has a tendency to rise in both months.

Also, many of the institutions - the investors which drive the market - are tax exempt so have no need to indulge in such strategies. Private investors, who do need to worry about capital gains tax, do not have the buying power

to make the markets move so sharply.

Walton highlights a number of explanations for the December to April effect: "Institutional investors are commonly supposed to realise profits during the fourth quarter ready for end of year reviews; the general enthusiasm brought forth by the spring, and company results, is also supposed to explain why prices rise."

"Dividend payments made in the December through to March period are also heavier," says Walton, which may mean that the institutions are flush with cash which they channel through to equities.

Perhaps psychological reasons offer the most likely explanation of the January effect. The turn of the year is seen as a "fresh start" prompting investors to make decisions about buying equities.

"There is a tendency for investors to buy the things that have gone down most in the previous year," says Bill Smith of Barclays de Zoete Wedd. This contrary impulse is positive for share prices as institutions are net buyers of equities, and thus less willing to sell the best performers of the previous year.

Smith also argues that investors take annual asset allocation decisions in January, and as they know that equities rise in most years, that prompts them to buy shares.

There may also be a deceptively simple explanation. The January effect has been shown to exist, so investors buy in order to take advantage of it. That is just the kind of circular reasoning the City loves. However, do not forget that in January 1991 the market could well be affected by the January 15 deadline for Iraq to withdraw from Kuwait.

## Astrology

# Venus and the Footsie

Daniel Pallant on the place in the Zodiac for bulls and bears

IN RECENT years the stock market has fallen in the autumn, choosing the exact timing apparently at random, sometimes as early as September or as late as November.

Many of these falls have been very important, such as the crash of October 1987. In the last four years I have accurately predicted three of them in advance in the *Weekend FT*.

Although prediction is complex, one outstanding effect can be illustrated easily: that is the Venus Ingress effect.

Every year the planet Venus orbits the Earth in company with the sun, passing through all 12 signs of the Zodiac. As there are 360 degrees in a circle, it follows that each sign contains 30 degrees. A planet makes an ingress by passing from one 30 degree sector to another. For some reason, this occurrence is of great significance to financial markets.

Not only does the stock market change direction at these times, but there is a tendency for markets to be bullish or bearish when planets occupy certain places in the Zodiac where they have special force.

During the past 55 years the FT-SE 100 index has made approximately 680 daily moves of 2 per cent or more. They are of sufficient importance to attract press comment, and represent about 4.5 per cent of trading days. If there is a strong planetary influence at work it would tend to show itself during these particularly volatile days.

The charts below show the FT-SE 100 index after the Venus ingress into Scorpio of the last two years. Going back further in time, there is only one year - which was 1985 - when the expected bearishness was delayed. In most of these cases the market showed heavy falls, including the crash of 1987. The mild crashes of September 1981, November 1989, October 1979, and many others, were all triggered by Venus/Scorpio ingresses.

Venus can generate very bullish conditions as well. Sometime between February and May, Venus makes its ingress into Aries, and the result in recent years has been very bullish.

The Venus effect is one influence among many, and to see actual price trends and turning points in the FT-SE 100 index all these influences must be analysed by computer. The result is the astrological coefficient.

cient analysis, a recent version of which has just been completed for October 22 1990 until June 24 1991.

Its correlation with price action is very good, provided that recent price action is added to the data base. It gives a very good insight into market direction for a few months into the future. The graph rises until the end of January, reaching 2250 before falling to 2150 by March 25. It then rises to 2330 by May 27, before falling through June.

In the immediate future, the time of greatest anxiety is January 15. Whoever decided that this date was suitable for an ultimatum to the Iraqis to get out of Kuwait could hardly have chosen a more ominous time.

Early in the morning of January 18, the moon and Saturn come into conjunction. This happens every month, but on this occasion the moon is also in conjunction with the sun, and in such a fashion that there will be an eclipse. At the time of conjunction it is on the ascendant, or rising, at Baghdad. The moon/Saturn conjunction is well known as an important influence at major events. It was rising at Dallas when they shot President Kennedy, and Chernobyl blew up within a few hours of one in April 1986.

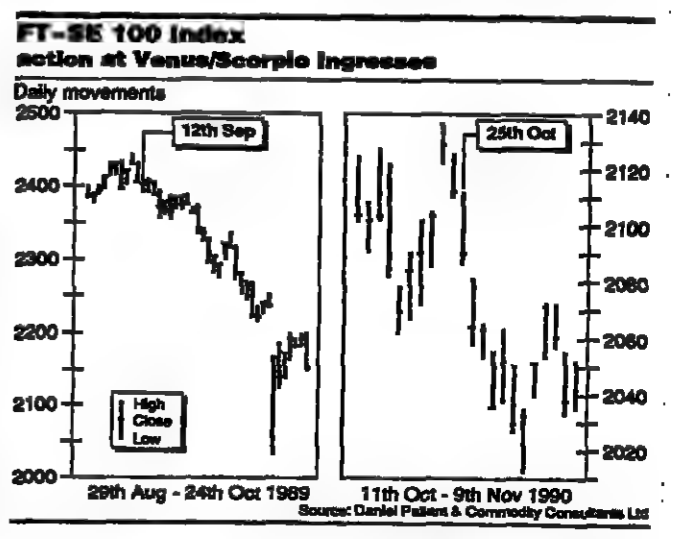
More recently, Margaret Thatcher lost office five hours after the one in November, its coincidence with an eclipse will mark a major watershed in world affairs. If President Bush starts a war on that date his action will go down in history as the biggest single act of human folly in modern times.

In the horoscope, in the US it showed a great loss of national wealth and international credibility. It appears to mark a major change for the worse in the financial status and security of domestic life of the US.

The chart of Iraq is not so badly affected, although it seems dark enough. Unfortunately for the West, it appears that we cannot win. If the US withdraws, it will lose all credibility as defender of world peace.

It is vital that this business should be negotiated away, and I think that this will be the eventual outcome, after a very long and protracted stalemate.

The astrological coefficients do show the market falling at the end of January, but the fall does not seem bad enough to indicate a war.



## Kevin Goldstein-Jackson translates company-speak Bid sentiment rumours mix

WE CAN all hear what they are saying, but what do they really mean? The City has a jargon all of its own and here we offer a Christmas guide to the real message behind those woeal words.

**Chairman**

The reorganisation and restructuring are almost complete - God knows what excuse I'll be able to give next year if we're still reporting losses.

The company is doing especially well overseas - Business looks rather flat at home. We must try to counter the lack of understanding of our industry - We will be changing our public relations people.

We are delighted to record that our deputy chairman/chief executive/managing director received a knight-hood/CBE/ORE earlier this year - The company is a regular contributor to the funds of a political party.

Due to circumstances beyond our control - We were asleep at the time.

Barring unforeseen circumstances - If profits go down, it's not my fault.

Future prospects look bright - Present prospects are disappointing.

This will help the company's standing in the world - This may not add much to the company's profits, but it will give a boost to my ego.

Our balance sheet remains strong - Profits were disappointing/we made a loss.

Our objective is long-term capital growth - We were incapable of making good profits last year.

Last year, we laid the foundations - Last year we didn't make as much profit as we hope to make this year.

## Heather Farmbrough examines Kleinwort Benson's investments Steady as they go

KLEINWORT Benson's unit and investment trusts are the shop window for the classic investment management business. A "significant" number of unit-holders are in-house clients, many of whom were introduced to trusts to spread risks and to enable them to invest in markets less accessible to individuals.

Kleinwort Benson Investment Management (KBIM), of which the unit and investment trust management is part, was formed after the merger between stockbroker Giesseman Grant, which had one of the city's largest private client portfolios, and the private bank Kleinwort Benson in 1986.

Although the group has around 200m under management in unit trusts, only one fund is larger than £100m. A number of funds are relatively small and many are fairly specialised so managers tend to work on a stock-driven basis, particularly with the European and Japan special trusts.

The target of Andrew Gregory, unit trust investment director, is that 60 per cent of KB's unit trusts should be in the top two quartiles. At the moment, he is below target on one year, just over on three years, and just under on five. This is quite respectable, particularly as six out of sixteen funds are in the top quartile over three years.

Interpreted another way, however, the figures also show that one quarter of KB's unit trusts are in the bottom quartile over three years. Unit-holders in the Smaller Companies, Fund of Investment Trusts, International Recovery and European trusts have been the less fortunate.

In fairness, most smaller companies and recovery stocks have under-performed since the 1982 crash and measuring them against their larger brethren is misleading. KB's International Recovery's performance was also badly hit by the decision to increase holdings in Japanese stocks just before the market plunged.

Gregory admits he is not "particularly proud" about the Fund of Investment trusts but says he is not sure why performance has been poor. His man-

agement has changed recently. He attributes the European fund's recent poor performance to the failure to get into the Norwegian market, which has been strong since the shipping industry picked up and oil prices rose. Here, he says, other groups may have done better as a result of more aggressive strategic allocation.

In comparison, according to Gregory, the European Special fund has fared better recently because smaller companies have not tended to be as well covered as their larger European brethren and KB spotted an overlooked opportunity. A more cynical view may be that the fund is only three years old and new funds usually perform better.

Among UK trusts, Gregory explains that the Equity Growth trust, which looks for growth potential in mainly medium-sized UK companies, had a bad patch towards the end of the 1980s but is now picking up following the decision last year to give manager Richard Pierson overall responsibility for UK investment. Of the two UK income funds, High Yield has stayed in the second quartile over a long period while Smaller Companies Dividend has fared less well.

Recently, some smaller companies, which tend to be highly geared, have found it difficult to maintain dividend payments. However, the Smaller Company Dividend fund should be able to pay an increased dividend "in line with the core rate of inflation"

over 5 per cent, Gregory says. He admits that he was a little concerned about the performance of the High Yield trust, but says it is doing better as a result of a more "hands on" approach. The Global Income trust, an income fund invested round the world with no more than 30 per cent in the UK, has performed well over its short (3 1/2 years) life. The North American fund has steadily improved over the last three years.

The decision to manage the Japanese funds from Tokyo rather than London seems to have paid off. The Japanese Special fund has done particularly well and both Japanese funds are still benefiting from an excellent year in 1989. The relative decline in the Japanese stock market, however, which has not been too good over the longer term.

One of Kleinwort's most impressive performers is the Master Trust, run by Gregory himself. "It's designed so a small investor could make a one-off investment and to have somebody managing it actively so the client doesn't have to worry about asset allocation," he says. Kleinwort also manages £800m in seven quoted investment trusts. The largest (£178m) is the Merchants Trust, which is invested mainly in the UK and yields 6.9 per cent. Dividend growth has been a respectable average of 22 per cent compound over the last five years.

The overwhelming message from the group is steady, respectable growth in earnings, with few shares of goods and services worth £100 or more. If you end up with a gift voucher issued by a company which then goes into receivership, your benefactor would have to make the claim under the Act. However, if the voucher was bought with cash or cheque, you have no recourse if a company collapses. You will be far back in a queue of unsecured creditors longer than those which used to be seen at January sales.

You could do worse than to open those vouchers and spend them today. Next won't be offended. Once you get in the shop, you will probably spend more than the voucher, giving chief executive David Jones a small reason to smile this Christmas.

Clay Harris

## INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
<b>CLEARING BANK</b>						
High interest cheque	4.00	4.10	3.30	monthly	1	under 5,000
High interest cheque	6.10	6.40	6.70	monthly	1	5,000-24,999
High interest cheque	8.30	8.50	8.80	monthly	1	25,000-49,999
High interest cheque	8.50	8.80	9.00	monthly	1	50,000+
<b>BUILDING SOCIETY</b>						
Paid up share	8.00	8.00	4.57	half-yearly	1	1-250,000
Instant Xtra	8.85	8.85	7.16	yearly	1	500-1,999
Instant Xtra	9.20	9.20	7.36	yearly	1	2,000-4,999
Instant Xtra	9.45	9.45	7.58	yearly	1	5,000-9,999
Instant Xtra	9.70	9.70	7.78	yearly	1	10,000-24,999
90-day	9.45	9.57	7.73	half-yearly	1	25,000-49,999
90-day	10.20	10.46	8.37	half-yearly	1	50,000+
90-day	10.70	10.99	8.79	half-yearly	1	25,000-49,999
90-day	11.20	11.51	9.21	half-yearly	1	50,000+
<b>NATIONAL SAVINGS</b>						
Investment account	12.75	9.56	7.85	yearly	2	5-25,000
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000
Capital bonds	13.00	9.75	7.80	yearly	2	100 min.
36th issue	9.50	9.50	8.50	not applica	3	25-1,000
Yearly plan	9.50	9.50	8.50	not applica	3	20-200/month
General extension	5.01	5.01	5.01	not applica	3	-
<b>MONEY MARKET ACCOUNT</b>						
Schroder Wagg	10.24	10.77	8.82	monthly	1	2,500
Provincial Bank	10.24	10.73	8.59	monthly	1	1,000
<b>UK GOVERNMENT STOCKS</b>						
5pc Treasury 1991	11.64	6.58	6.38	half-yearly	4	-
5pc Treasury 1992	11.65	6.59	6.35	half-yearly	4	-
10.25pc Exchange 1995	11.09	6.48	6.19	half-yearly	4	-
8.5pc Treasury 1994	11.25	6.03	7.70	half-yearly	4	-
5pc Treasury 1992	9.35	6.55	6.28	half-yearly	4	-
Index-linked 5pc Treasury 1992/95	12.71	6.57	9.08	half-yearly	4	-

\*Lloyds Bank/Hallifax 90-day, immediate access for balances over £5,000.†Special facility for extra £10,000. ‡Source: Phillips and Drew. §Assumes 8.0 per cent inflation rate. †Paid after deduction of composite rate tax. ‡Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

## Vouchsafing

WE BROKE the habit of a few years - for Christmas we gave our secretary vouchers for Marks and Spencer rather than Next. It was not a surprise - we got her permission first.

In a year when UK companies such as Lowndes Queensway and Coloroll Group went to the wall, we thought: why take the slightest risk of casting Sarah in the unpleasant role of unsecured creditor in another corporate collapse?

This is not to cast any doubt on Next's immediate prospects of survival, in spite of the fact its shares fell sharply during a recent bout of market jitters. Although Next's directors are under orders from their merchant bank not to discuss current trading, leading retail analysts believe the crunch - if it comes - may be delayed until a £50m loan repayment falls due in January 1992.

None the less, in the current climate, consumers should take care to limit their potential exposure to any retailer, and especially those in an uncertain financial position. Compared with customers of a furniture retailer, most shoppers at Next have a big advantage. They get their goods the

moment they pay, without having to wait for delivery. For items which are not available for immediate delivery, or ordered from a mail order catalogue, it is better to pay by credit card than by cash or cheque.

Visa and Access/Mastercard account holders are covered by the Consumer Credit Act for purchases of goods and services worth £100 or more. If you end up with a gift voucher issued by a company which then goes into receivership, your benefactor would have to make the claim under the Act. However, if the voucher was bought with cash or cheque, you have no recourse if a company collapses. You will be far back in a queue of unsecured creditors longer than those which used to be seen at January sales.

You could do worse than to open those vouchers and spend them today. Next won't be offended. Once you get in the shop, you will probably spend more than the voucher, giving chief executive David Jones a small reason to smile this Christmas.

Clay Harris

**PATEK PHILIPPE**  
GENEVE

**HEITICH**  
JEWELLERS  
P.O. BOX 196, 1 KING ST. JERSEY  
TEL: 0534 34491 FAX: 0534 35953

As sole Channel Island concessionaire we can offer you an extensive range of Patek Philippe watches, all at VAT free prices.











## FOOD &amp; WINE

## A chef talks turkey

David Dorricott, executive chef at a top London hotel, explains how he and his brigade cook Christmas lunch

IF THIS were television, cooking a typical Christmas lunch for 400 would simply involve taking 20 24lb turkeys which I happened to have prepared earlier. Sadly, in a hotel kitchen, no such short cuts are possible.

A typical December day starts at 7am. The hotel butcher removes the breasts from the turkeys, cuts a pocket in them, which is then filled with a mixture of sausage meat, glazed caramelised chestnuts and diced celery. The drumsticks are separated from the thighs, de-boned, rolled and tied, while the bones, together with onions, carrots, celery, bay leaves, thyme, peppercorns and parsley stalks, go into 80 litre stockpots to make the jus, or gravy.

From 7.30am vegetables and all other deliveries arrive. There are 400 standard shopping items on my daily food market list but this expands dramatically at Christmas to include exotica such as wonderful clementines spotted on the Paris market and bought to dress the hotel lobby or to give away to the guests. Some 40lb of Brussels sprouts are delivered. They are much too large and are returned to the supplier who has 1½ hours to replace them. The 800 nicely

shaped potatoes for roasting are fine.

My deputy at the London Portman Intercontinental, the sous-chef in charge of the banqueting chefs, constantly checks details. Even in the most organised kitchen, someone will decide to use one vegetable for a purpose other than that for which it was ordered. The silver trays are scrutinised and the consistency of the jus tasted; for the 400 guests there are 15 litres of jus containing six bottles of wine. The first course, a leak terrine on a bed of wild mushrooms, is served. It has used 35 cases of baby leeks, two cases of girolle, two cases of black trumpet and three cases of *ried de moulin* mushrooms; five chefs have been occupied for four hours slicing mushrooms, preparing leeks and lining moulds.

Magically, 40 silver soup tureens appear just as the turkeys leave the kitchen. Nobody at catering college teaches you how to fill these tureens or whether they will fit in the available space. Only the ritual of filling them over and over again makes this go right.

Now to the turkeys. Two slices of breast and one of thigh per person, which are carved after the soup has been

served. To maintain their flavour, to keep the breasts moist and to brown the turkeys evenly, they have been cooking since early morning under covers of muslin soaked in clarified butter, which maintains flavour and moisture and browns the meat evenly. The sprouts, this time the correct size, are heated in butter and, as the soup tureens are returned to the kitchen porters, the noise is excruciating.

The logistics of lighting 40 Christmas puddings at the same time would defeat many a kitchen brigade, regardless of size. The secret lies in serried ranks of waiters who, with piping hot puddings in their hands, walk past a chef stationed just outside the ballroom door. Ladle in one hand, a saucer of flaming brandy in the other, well away from the fire detector, he dexterously coats each pudding as waiters cross on to the "stage".

This busy banqueting period begins by December 23 which allows me the luxury of planning for Christmas Day itself. The logistics that day are very different from any other day of the year. Although only 12 of the total brigade of 40 will be needed, arranging the staff rota until after the New Year while trying to keep all the

chefs happy is almost impossible. There are some inducements, however, to work on Christmas Day: chefs are offered two days off in lieu or overtime at double pay which can reward them with an extra £50-£70. Taxis are included and, if rooms are available, they can stay overnight in the hotel. Consideration is taken of religious and family commitments and those who do work on Christmas Day are free on New Year's Eve. Part of any executive chef's job is, regrettably, to work on both.

Christmas Day is also different in the kitchen because none of our suppliers is working. Everything, we hope, is in stock and the loading bay is dead quiet. Work progresses uninterrupted. While the turkeys cook the larder prepares the first course and any last minute details are checked by the sous chef - the number of children, the odd vegetarian meal and even a birthday cake.

Meanwhile one less well-known tradition is enacted. From the kitchens of some of London's top hotels, the executive chef quietly slips away and, still in his whites, makes his way to the small office occupied by Peter Kromberg in the kitchens of the Inter-Continental, Hyde Park



Seated: Peter Kromberg (Intercontinental Hyde Park); from left: Eddie Fitzpatrick (Forum); Martin Hollyer (Britannia); David Dorricott; Keith Stanley (Ritz); Michael Coaker (Mayfair); David Nicholls (Royal Garden); and Anton Mosimann (Mosimanns)

for what has become known as KOCQ - Kromberg's Christmas Quiz. For the past six years, a number of colleagues and friends who are all working on Christmas morning gather for a glass or two of champagne and a few canapés to celebrate

the day. After 45 minutes it is back to work.

We will serve 180 for Christmas Day lunch. The hum of conversation and the sound of crackers leaves no one in the kitchen in any doubt that people are having a good time.

Gradually, the noise in the kitchen dampens as stomachs begin to fill and soon there is just the clearing up to be done. At 5.30pm we - the chefs and waiters - sit down to our well deserved lunch, and over a few glasses of wine wish each

other, and our customers, a Happy Christmas.

■ David Petrie, who featured in our article on banqueting on December 8, is Banqueting Manager, Inn on the Park, Hamilton Place, London W1. Tel 071-499 0888, fax 493-1885.

## Cookery

## Alternative pudding

Philippa Davenport with a few frothy and festive confections

THE SPICED beef, cooked and wrapped, rests in the fridge after its headily scented cure. The ham, its knuckle smartly dressed with a frill, is ready and waiting in the larder.

The Christmas bird is plucked and its giblets have made a richly savoury stock. The wines, cheeses and nuts are laid by, leaving only perishable vegetables and fruits to be bought.

For one blissful moment Christmas catering seems to be under control. And then I remember the pudding - or rather the lack of one.

It is far too late now to start stirring up a plum pudding mixture and I don't think I could face all the chopping, grating and baking needed to make first mince meat and then mince pies. What the hell.

The idea of Christmas without the usual pudding and pies has a certain appeal. Instead of all that stodge how about whipping up a few frothy and alcoholic confections?

## PRUNE &amp; PORT

These are dark and fragrant, and have a good kick to them because only some of the port is heated. Bring very slowly to simmering point ½ pt each of tea and port with ½ lb sugar, a bruised cinnamon stick and the finely grated zest of an orange.

Cover and leave to infuse for 30 minutes before straining the liquid on to a dozen prunes which have been stoned and chopped. Leave until cold then strain off the liquid and soak then dissolve one tablespoon of gelatine powder in it.

When the gelatine liquid has cooled a little, stir in 12 fl oz of port and the prunes. Divide the mixture, when it is syrupy, between eight small glasses and leave to set. Serve at room temperature, as is or crowned with spoonfuls of crème fraîche.

## GINGER SYLLABUBS

Another seasonal favourite, this is blessedly quick and easy to prepare. Mix two tablespoons each of lemon juice and syrup from a jar of stem ginger with 2 oz icing sugar. When smoothly blended add 1-2 oz finely chopped stem ginger and six tablespoons dry sherry. Slowly pour on ½ pt chilled double cream, stirring with a whisk all the while. Then whisk until the mixture holds its shape and spoon into six little custard cups or glasses.

## TIPSY TRIFLE

If you have a little more time and energy to devote to pudding making, this might make a popular choice. Put into a 3½ pt glass dish a slightly stale Victoria sponge

cake broken into pieces (or some shop-bought trifle sponges).

Stir three tablespoons of brandy into, say, eight tablespoons of sherry and dose the cake with the mixture.

Make a pouring custard with 4 egg yolks, 1 oz or so of caster sugar and ½ pt each of rich milk and single cream. Stabilise the custard with a little cornflour if you like and flavour it with vanilla or cinnamon.

Scatter a few crushed amaretti biscuits over the sponge, adding a splash more alcohol if the cake seems insufficiently tipsy. Spoon on about ½ lb thick cut marmalade or whole black cherry jam, maybe thinning the preserve with a tablespoon or so of brandy or freshly squeezed orange juice so that it spreads smoothly.

Cover with the tepid custard. Cool then chill for a couple of hours. Whip ½ pt double cream with two tablespoons of brandy. Spoon the brandy cream over the trifle, cover and chill overnight to allow flavours to blend and mature. Decorate, as simply or as elaborately as the mood takes you, shortly before serving.

## RAISINS IN WINE

The easiest solution of all would be to offer a pudding wine, such as the one from Setúbal, which I first tasted on a recent trip to Portugal, served with bunches of those exquisitely plump and juicy Malaga raisins that are dried on the vine and sold on the branch.

These really are very special, deserving to be served with a little panache in silver bonbon dishes or in decorative boxes or baskets padded with cushions of white tissue paper.

Let everyone help themselves to a few clusters and drop individual raisins into their glasses of chilled sweet wine. The idea is to let the raisins soak for a minute or two so they soften and swell a little before scooping them out with a teaspoon to eat.

## A TRIO OF GRAPES

If you want to take the idea a step further, accompany Malaga raisins and pudding wine with grapes served in two other guises. First, a dish of fresh hothouse grapes, the best you can find, large luscious and fleshy, with a fine bloom to their skins.

Second, a dish of frosted grapes. Choose a small seedless variety of grape for frosting. Divide the bunch into clusters and dip each mini-bunch first in raw egg white, then in sugar. Leave them in a warm kitchen on a tray lined with greaseproof paper for an hour or so until the coating has dried to a crystalline sparkle.

NUMBER X. OF SWEET FAREWELLS (AND SWEETER BEGINNINGS)

## GLENMORANGIE

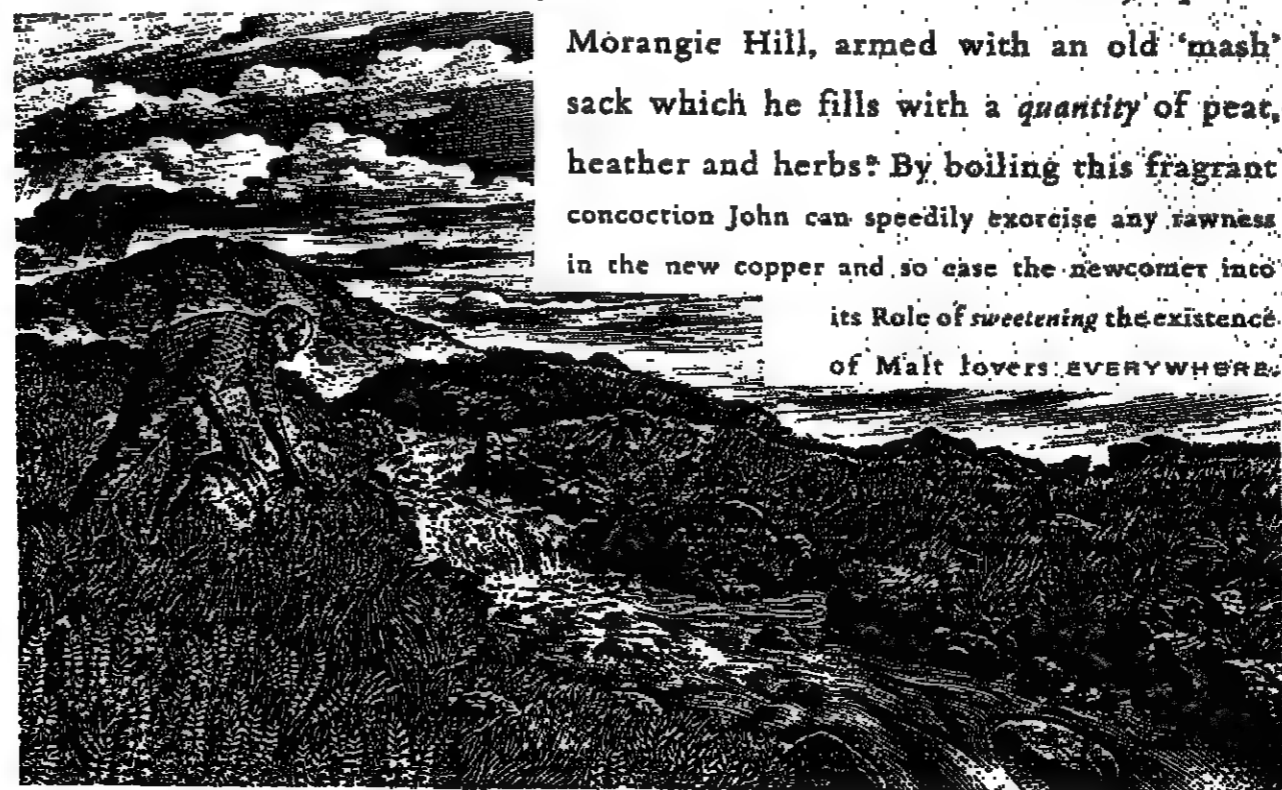
10 YEARS OLD

## SINGLE HIGHLAND MALT

SCOTCH WHISKY

John Murray is a Seasoned Observer of the effects of Time and Change upon the Men, and upon the whisky which his skill helps to coax from Ross-shire Barley and Spring Water; (to John falls the duty of WELCOMING in the new Distillation\*). Over the years he must occasionally ACCOMMODATE a significant

newcomer at the Distillery, in the elegant swan-necked shape of the New Still. The replacement of these Distillery work-horses involves John in a ritual known as 'Sweetening The Still'. This sends him away up the Morangie Hill, armed with an old 'mash' sack which he fills with a quantity of peat, heather and herbs. By boiling this fragrant concoction John can speedily exorcise any rawness in the new copper and so ease the newcomer into its role of sweetening the existence of Malt lovers EVERYWHERE.



\*HANDCRAFTED by the SIXTEEN MEN of TAIN.

## SMOKED SCOTTISH SALMON

The very best 1½ lb smoked pack £8.15.  
2½ lb smoked side £26.75+ All sizes between. VAC PACK, 1st class post paid.  
Cheques with order to:

## LOCHENGOWER

Tongland Farm  
Kilnclough, DG6 4LU or  
Tel 0557 30361 (7 days) Access/Via  
Specialists in Company Orders

مكتبة الإسكندرية

## GARDENING/TRAVEL

**B**ETWEEN THE droughts and the weird winter it has been hard enough to know what to do with the garden. It has been even harder to know what to do with the house. What if you have borrowed too much for comfort or, worse, if you have been trying to sell it? I have a suggestion. Why not uproot during Christmas, head for the bottom of the garden, and leave the rest of a credit-mad world to live with its own lunacy?

I suggest that you climb high, the higher the better. A few weeks ago, I referred to the house in a large oak-tree where the Roman Emperor, Caligula, entertained his guests to dinner. I also compared it with a tree-house which I thought that I remembered in the book, *Suavolus and Amans*.

Shrewd readers of the FT know their Swallows and Amazons, and have told me ever since that there are no tree-houses in the book. Ham-mocks are swung between trees on the children's island, but, if you want a real tree-house in children's fiction, you have to look back to the *Swiss Family Robinson*. Alternatively, you could look back to the exploits of someone called Milly Molly Mandey, whom I expect that we would all prefer to have forgotten.

Caligula, anyway, did have one and would dispose of unwanted guests when he had enough of them. I am not suggesting that you take Caligula as your role-model for Christmas, but I do think that there is scope for the imagination among the trees and perhaps it can help you start it swinging. It might even be possible to live an entire life above ground.

Italo Calvino invented an 18th century baron who lived his life above ground in woods. The story has been reprinted in paperback in a collection called *Our Ancestors*. Up in the trees, the young baron studies the intellectual subjects of the Enlightenment; he entertains a bandit and becomes a magnetic object of local gossip. For half the year, the elegant baron rides out to visit his friends and make love in the branches of old trees.

The baron has no idea of her promiscuous life for the rest of the year in Paris until two of her Italian lovers meet one day beneath his tree. Viola

## Put down roots, move into a tree house

Robin Lane Fox looks at the appeal of arboreal homes

tells them that she will favour the one who is willing to share her. Both agree at once to time-sharing: the young baron realises her infidelity and embarks on a tragic tree-bound lament, which is a rich source of ideas for frustrated love.

In your trees this Christmas there will probably be no Violas: they spend the winter months in Paris. There may, however, be scope for imaginative building for constructing a "chez-soi loin de chez-soi," as a recent number of *Elle* described the English tree-house for its French readers. One such builder, Anthony Aikman, has even written a book on the history of the species. His *Tree Houses* does a marvellous job, but it leaves me feeling that we are less keen on tree-living than our grandfathers.

There is a strong Oriental tradition. The homes for monks and solitary in the branches of banyan trees, the plane-trees of Iran, which used to grow in the shade of the great tree in Sri Lanka, whose house was a grandstand box for the elephant racing. We should exclude platforms built for hunting, although they can turn into tree-hotels. (Tree Tops, after all, began in this way in Kenya.)

Trees with hollows inside them are not the real thing, either, although English kings, highwaymen and runaway children have found refuge or a dark, spidery home in their enclosure. In the 6th AD, an important Roman senator found an enormous hollow plane-tree in the province of what is now Sicily. He lived in it with 18 of his friends and, according to Pliny, "enjoyed himself more among the foliage than among the splendour of marble halls."

I am not suggesting you eat Christmas dinner in a tree trunk, but you



might enjoy it more if you took to the branches. In Cobham, Surrey, in 1629, you could have eaten it in a pleached line with three separate floors, one of which was a banquet-house and the "goodliest spectacle," a contemporary tells us, "mine eyes ever beheld for one tree to carry."

In the turbulent year of 1848, Paris went one better. A restaurant-owner at Plessy so loved the tree that he put trellises of rambling roses round a huge chestnut tree and opened a restaurant in the top of it. It survived the revolution and was such a hit that dozens of trees were converted beside

it: Aikman describes the effect as "a romantic arboreal equivalent of dining by candlelight."

Champagne and roast chickens were hoisted up in baskets on ropes. "Aux arbres, citoyens," I suppose the diners used to sing: all the trees have now been felled to make way for housing.

In Shropshire at Piffard Hall, a tree-house is listed Grade I: it cost its owners nearly £15,000 when they restored it about ten years ago and, even then, it had not returned to its Georgian splendour. In the 18th Century, the Piffard house was given a beautifully plastered interior, while the outside was surfaced with a coat-

ing which looked like stone. "A stone-built Georgian house with commanding views of its supporting branches..."

On the ground, the property market has certainly died throughout the green belt, but might there still be some action in the tree-trunk? It has been an awful year for the agents, but they might be more cheerful if they knew G.K. Chesterton's advice.

One of the stories in his *Club of Queer Trades* suggests an unexplored reason why the market may be slow at normal level. It centres on Lieutenant Keith.

The Lieutenant is an elusive man, but he gives his address as The Elms, Buxton Common, near Purley. The point of Chesterton's story is that he means the address literally. Purley contains "one of those ragged suburbs of the cosmos, half-forgotten by God."

The story's other characters cannot track down the Lieutenant until they take a hint from a rare tradesman, Mr P. Montmorency, who describes himself as an agent in arboreal villas. Arboreal agents do not sell ordinary houses: they sell the very thing we need, houses halfway up a tree.

Estate agency, Montmorency tells us, ran in his family, but he was really a botanist at heart: he compromised and started this new trade. Apparently, there was quite a scope for it, even in the 20s, and insurance companies could have made worse buys. "It's being kept quiet at present because people who want these houses don't want them to get too common..."

Is this the answer, to the absence of the big Belgravia buyers? So far as I can discover, The Elms, Buxton Common, did not survive Dutch Elm. It may, however, be that arboreal villas are still an active if little known market. If you are having problems moving, you might like to put out feelers.

## Kings of the wild frontier

Peter Berlin explores the Yukon

**T**HE BAND moved from *Living on Tulsa Time* to *When You Play in Texas You Gotta Have a Fiddle in the Band*, which was odd because they didn't have a fiddle in the band and we were not in Texas. But then we were not in Tulsa, either. Not by 2,500 miles.

In the corner a man in a large stationer's hat looked around a full-sized pool table. The large TV set above the fire door was showing wrestling and trouble was brewing at two tables near the bar.

The muscular teenager who had been knocking back the Budweisers with his teenage buddies took exception to something the Indian at the next table had said. The two were quickly on their feet, jabbing fingers, waving fists, shouting insults and threats. Their companions pulled them apart and then calmed them.

A short, bald friend of the Indian's could not resist a parting shot. He hit paydirt. The muscular youth reacted as if he had received an electric shock.

He did not quite lunge hard enough to break free of his friends' grasp as he was clawed and swung at the fat man. After a

### There was nothing between the bar and the Arctic Circle

lot of shouting and pointing a bouncer threw him out of the fire door. Within seconds he was back through the main door, shouting and waving his arms, half swaggering, half staggering. The bouncer threw him through the fire doors again, this time without bothering to open them.

Outside, in the mizzle of the autumn night, the young redneck stood brooding beside the Alaska Highway. Not a vehicle was in sight, not even one of the 50-ton ore trucks. Just the rain, the road and the forest stretching off through the dark to the Arctic circle from the car park of the cowboy bar on the edge of Whitehorse, capital of Yukon Territory, in the wild north-west on North America's last frontier.

Yukon Territory covers 306,000 square miles - more than twice the area of the UK. It has a population of 30,000. About a quarter of those are Indian or aboriginal, and the balance immigrants. Although the dividing lines are blurred, in practice the economic and social divisions can be sharp. The Indians and the government are currently involved in land claims negotiations. These are quite far advanced and propose that 16,000 square miles, 5.6 per cent of the Yukon, should be handed back to the Indians.

Whites started coming to the Yukon in numbers in 1896, the year of the Klondike gold rush. Prospectors would land at Skagway and Dyea on the Alaska panhandle, 600 miles from Dawson City, home town of the legendary gold fields in the heart of the Yukon.

The first 38 miles along either the Chilkoot Trail or White Pass through the coastal mountains to Lake Bennett were the toughest. To keep the riff-raff out the Canadians declared that every prospector had to bring a year's supplies, 1,000 lbs in weight. Mounties would sit on the Canadian border at the top of the passes to enforce the rules.

Chilkoot was too steep for pack animals, but more than 3,000 died on the White Pass Trail, many at Dead Horse Gulch. It took the prospectors an average of three months to shuttle their 1,000 lbs of supplies back and forth over the mountains to the lakes. Some entrepreneurs set up a sawmill to build rafts so they could float themselves on to the headwaters of the Yukon river.

Today the trails are popular with hikers. For the latter traveller it takes a couple of hours to cross the mountains by car over terrain that has hardly changed.

The town tries hard to preserve its frontier charm. The main street is still like the set of a western movie, two-story wooden buildings with wooden sidewalks running along their fronts. From there, White Pass rises steep and then narrows to a trail, a trap for rain and wind. Its steep rock walls are densely wooded with pines and fir-wood that turns bright orange in the fall. Through the woods streams plunge and leap down to the white river carving through the valley.

Over the border, the road begins to slide down the north side of the range. Dark still lakes spread across the flowered landscape and strange lichens and tiny conifers cling

to protected slopes. The very geometry of the place seems unworried.

The highway drops through the mountains alongside a long narrow arm of Tutshi lake. At the base of the mountains the road rips across the neck of Lake Bennett at Carcross, where prospectors would beach their rafts before starting off down the fast-flowing Yukon. On the other side, in the mountain rainshadow, there are sand dunes and a tongue-in-cheek sign proclaims this to be the world's smallest desert. The end of the desert laps the hazy waters of Emerald lake, glaciated and vivid blue.

The gold prospectors had nearly all given up by 1900. Many headed hopefully for Alaska where gold was discovered in 1896. However, mining remains the chief industry of the Yukon, and the most terrifying sight on the highway are the 85ft trucks hanging down from the Faro mines to Skagway.

On their long trailers at four huge axles, each holding up to 15 tons of powdered lead-zinc ore. The great pots are topped with huge lids which have no visible fastening. I confessed to a local that I was afraid one of these giant lids might fall off, roll down the highway and crush my car.

"Oh no," he said earnestly, "they are made of fibre glass and fly off like frisbees."

The trucks are meant to set off at 50-minute intervals, but we came across half-a-dozen in half-an-hour picking their way carefully like great yellow insects through dried earth and shattered stumps on a mountainside where the highway was being rebuilt.

Just 60 miles north of Lake Bennett lies Whitehorse, the provincial capital. Nowadays the journey is quick and easy on the flat highway which winds through the endless forest. For the prospectors, the trip presented potentially fatal hazards. Local say Whitehorse takes its name from the white-capped rapids which mark the limits of safe navigation on the Yukon river. Paddle steamers would moor there and pick up the prospectors for the ride down-river to the Klondike. But before reaching Whitehorse the prospectors had to survive the sharp rocks, swirling currents and freezing waters of Miles canyon a few miles upstream. Many drowned.

**Prospectors had to survive a fierce natural environment**

Two-thirds of the population of the Yukon live in the capital which sprawls across the wooded foothills above the river. Its chief businesses are government and law. From any point in the town the rolling woodlands are in view. It is the wilderness which is the Yukon's greatest attraction. In the summer the woods around Whitehorse offer pleasant hiking. In winter, cross-country skiing. To the west and north-west lie the mountains and glaciers of the Wrangell mountains, part of the Alaska range centred on Mount McKinley, the last and tallest of the Rocky Mountain chain. To the far north, where the woods end, is the permafrost.

In winter the weather is bitterly cold and the days short. In mid-December Whitehorse has six hours of daylight, Dawson City just three hours and 45 minutes. In the middle of summer the weather is mild and dry and average temperatures range from 10°C to 20°C. Dawson City enjoys almost 24 hours of sunlight every day in June and July.

Although nature in the far north is not generous, the limited presence of humans allows the larger beasts to survive in peace. The territory is home to black and grizzly bears, wolves, white Dall sheep, lynx, beaver, coyotes and wolverines - and, the camper should be warned, plenty of mosquitoes.

The locals take a pragmatic view of their neighbours. I was flown in to Whitehorse from Anchorage by an Alaskan "out-fitter" who specialises in taking tourists to find the big game, landing his twin-engine plane on back roads or glaciers.

As we made our final approach to Whitehorse airport an eagle suddenly rose towards us, immobile on an updraft. A twitch of the joystick and the great bird flashed by a few feet from the cockpit.

"Wow," I said. "It's huge."

"Yeah," said the pilot. "You hit one of those and it can do some very expensive damage to the plane."

## WITCH HAZELS

were discovered by the early settlers in America and were given this popular name because of a close resemblance to the British hazel and the similar suitability of the branches as divining rods with which to search for water. The seemingly magical quality was enhanced by various healing properties and extracts of witch hazel are still widely used for medicinal purposes.

This American species, named *Hamamelis virginiana*, can reach a height of 50 feet or more so is perhaps more correctly regarded as a small tree rather than a shrub but it has typical witch hazel flowers made up of very narrow, rather crumpled petals arranged in spidery clusters. They are lemon yellow, numerous but not large and come in autumn rather than in the depth of winter.

Once introduced to Britain this witch hazel quickly established itself as a garden plant but has never become widely planted for ornament, probably because of its size and fairly

small flowers. Yet it is still much grown by nurserymen as a rootstock on which to graft other more showy kinds.

Real popularity for the witch hazels did not come until the introduction of two species from the Far East: one, *Hamamelis japonica*, from Japan, and the other, *H. mollis*, from China. Both have larger flowers than those of *H. virginiana* and are also sweetly scented but those of *H. mollis* more so than those of *H. japonica*.

Both flower in mid-to-late winter by which time outdoor flowers have become really scarce and the sweet perfume of a witch hazel carried for many yards on a still, mild December or January day, can be one of the great delights of the garden.

It was not long before nurserymen and amateur gardeners were crossing these fine

new shrubs and since they were not always forthcoming in explaining what they were doing it is not always possible to be quite certain of the precise parentage of the hybrids that are now available.

It is a problem that is of greater interest to botanists than to gardeners since, as I have explained before, the garden names given are adequate for identification and precise ordering. The best of these garden hybrids or selections are probably *Pallida*, *Jelena* and *Diane* but the species *H. mollis* is so decorative that it should be grown if there is room for it. *Pallida* is very close to it differing mainly in slightly larger flowers of a lighter, more penetrating yellow. Many experts regard it as simply a good form of the species but both *Jelena* and *Diane* clearly show the influence of *H. japonica* in

their much deeper coloured flowers, those of *Jelena* a mixture of dull red and yellow ochre, those of *Diane* coppery red. Both these varieties also exude in autumn leaf colour but *H. mollis* and *Pallida* are also good in this respect.

All witch hazels seem to prefer neutral or slightly acid soils but of greater importance is that they should not dry out seriously at any time. Peat, leaf moulds and well rotted garden compost can be used freely in the preparation of sites which should, for preference, be in full sun or at the very least with plenty of light which encourages flowering.

If pruning is necessary to keep a bush to the allotted space it is best done immediately after flowering. Some branches should be removed completely rather than shortened to preserve the bush's

natural shape.

Even more care is needed in pruning the winter sweet or *Chimonanthus* - another winter's top performer for scent although not an eye catcher like the best of the witch hazels. The petals are almost transparent, the larger ones yellowish green, the smaller ones a rather dull purple and they are carried singly close to the older stems.

Few, if any, will be found on young plants, a habit which makes winter sweet rather unattractive to garden centre owners since it means that it is very difficult to present plants to customers in flower and, in any event, not many customers are likely to be visiting such places in December, January or February when the winter sweet is in bloom.

So, if you wish to possess a plant - and it is certainly

worth having and will interest all your garden-minded friends once it is in flower - you may have to go to a specialist shrub nursery but it is quite widely available. The garden variety to select, if available, is called *Luteus* and has flowers that are yellow throughout without that rather dull purplish patch.

Plant it against a sunny wall, fence, spread out and tie in as many of its stems as possible in a big fan and each March cut out any stems for which there is no room. This should ensure a regular display each winter once the plant has begun to acquire some mature growth.

Winter sweet is not fussy about soil but it should be reasonably fertile and well drained. Annual climbers of not too dense a nature, such as sweet peas or ipomoea, can be run up through the winter sweet stems for summer display. When buying do not confuse the winter sweet with an anthurus, a totally different plant. If in doubt ask for winter sweet which cannot be confused with anything else.

an extra on the lesser ones.

The 3.5 litre, 4-cylinder turbo-diesel is rough and noisy when fired-up first thing and when idling. It smooths out nicely on the move but at no time would you mistake it for a petrol engine as on a night the turbine but relatively leathery 3-litre 6-cylinder diesel Mercedes puts in the G-Wagen.

On the motorway, the Range Rover TD easily keeps up with the pack. Driven considerably, its consumption can be as good as 27 mpg (10.46 l/100km), providing you do not over-exploit its turbocharged acceleration.

Before experiencing the costly delights of the wood-veneer and leather-trimmed Range Rovers, I had a good day banging the latest Land Rover Defender about in really rough driving country at Eastnor Castle, Herefordshire. Axle deep in mud and clawing up gradients that would be difficult to climb on two feet, the Defender turbo-diesel is in its element.

I would not choose to drive over far on the road but in the wilds of Eastnor it was unstoppable.

Feet off the pedals and with low range first gear engaged, the Defender diesel would itself slowly and controllably ascend slopes almost as steep as precipices. Nothing seemed impossible for this he-man among 4x4s.

It is a genuine off-roader - the sort you clean inside with a hosepipe, not a Hoover.

or better than, many larger and far costlier cars.

Most new models are bigger than those they replace, which seems odd at a time of increasing traffic congestion. The new Metro is no bigger than the old one; just very much better.

Other Rover products, such as the Honda Concerto-based 200 and 400 models, have demonstrated in 1990 that the bad old days for the only British-owned volume manufacturer have gone.

For design, quality and performance, Rovers compare well with all the competition. If there were an award for the car maker whose products have shown most improvement, it would have to go to Rover.

## It's absolutely magic

Arthur Hellyer on the properties of witch hazel



The highest performing Range Rover so far is the luxurious CSK

horsepower. 3-litre Mercedes-Benz G-Wagen (this column, Dec 8/9).

High cruising speeds and big 4x4s do not realistically go together. At 90 mph/145 kmh the CSK was all accelerating strongly and felt absolutely relaxed, with the engine turning over at a shade more than 3,000 rpm. But at this kind of speed they develop a drinking problem.

In mathematical terms, a vehicle's aerodynamic drag increases as the square of its speed. What this means in practice is that at 80 mph and over, bluff 4x4s, which are about as streamlined as tithes barns, start guzzling fuel as if

they were going off of fashion.

The official figures say a CSK would average about 19 mpg (14.9 l/100km). But the warning light told me after 220 miles (354 km) of mainly keep a bush to the allotted space it is best done immediately after flowering. Some branches should be removed completely rather than shortened to preserve the bush's

suspension would make it better still, even if it slightly reduced its capabilities on the kind of rough terrain where few owners would dream of taking it.

The gearshift is not too heavy though the clutch is a muscle builder, but the transmission is not as refined as that of the Mercedes-Benz G-Wagen. As the engine has so much pulling power at low speeds, not much shifting is needed in traffic.

After a week with the CSK I switched to a 1991 Range Rover turbo-diesel with the same suspension improvements as CSK. They are standard on Vogue and Vogue SE models,

When you think that this was Toyota's first stab at making a saloon car in the Mercedes 420, BMW 7-Series and Jaguar XJ-6 class, it was amazingly successful. It just shows what can be done with the right mix of technology, determination and seemingly unlimited financial resources.

The Honda NSX, an all-aluminium two-seater cast in the Italian supercar mould, bristles with innovation. I found it easy yet exhilarating to drive. After years of producing cars that offered a lot of largely unusable performance and not much else, Lotus hit the jack-

pot with the Elan. This Japanese Isuzu-engined two-seater has an unusual but attractive two-seat open body and such beautifully balanced handling one simply isn't aware it is front wheel driven.

At the other end of the price and prestige spectrum is the delightful little Rover Metro. One could consider it almost a new car although its looks have hardly changed. The K-Series engine and Peugeot-designed but Rover-manufactured gearbox are efficient and up-to-date.

Redesigning the suspension has given it a ride as good as,

## The top three

LOOKING BACK over the past year, which new cars appealed to me most? Not those that did well in Europe's Car of the Year contest, though I rate the winning Renault Clio and runner-up Nissan Primera highly. No, the three from the 1990 crop that really stand out in my mind were not allowed to enter at all.

The Toyota Lexus LS 400, Honda NSX and Lotus Elan were all barred because they could not meet the organisers' conditions about numbers sold in various markets.

But for me the Lexus, Toyota's bid to beat Europe's large luxury cars makers at their own game and at a lower price, is unmatched for mechanical refinement.

When you think that this was Toyota's first stab at making a saloon car in the Mercedes 420, BMW 7-Series and Jaguar XJ-6 class, it was amazingly successful. It just shows what can be done with the right mix of technology, determination and seemingly unlimited financial resources.

The Honda NSX, an all-aluminium two-seater cast in the Italian supercar mould, bristles with innovation. I found it easy yet exhilarating to drive. After years of producing cars that offered a lot of largely unusable performance and not much else, Lotus hit the jack-

pot with the Elan. This Japanese Isuzu-engined two-seater has an unusual but attractive two-seat open body and such beautifully balanced handling one simply isn't aware it is front wheel driven.

At the other end of the price and prestige spectrum is the delightful little Rover Metro. One could consider it almost a new car although its looks have hardly changed. The K-Series engine and Peugeot-designed but Rover-manufactured gearbox are efficient and up-to-date.

Redesigning the suspension has given it a ride as good as,

## Motoring A limited edition

Stuart Marshall on 4x4s

**W**HY SPEND up to £30,000 on a two-tonne vehicle, expensively engineered to go across a trackless country, and then use it only on the road?

I have put this point to many owners of Range Rovers and Mitsubishi Shoguns, Mercedes-Benz G-Wagens and Isuzu Troopers that never so much as get their tyres dirty. Their replies rarely make much sense to me.

"I like to sit high for a good view of the road," or "I like the safe with all that beefy car around me," are typical. "My wife says she must be able to get to the shops when it snows" - this from darkest Tunbridge Wells, in Kent, not the Scottish Highlands and it's a good car for the dogs' are others.

Well, yes. You do sit up high. You do feel safe and rather superior in them. Four wheel drive is wonderful on snowy roads. There is space in the back for a couple of labradors. (I admit there is nothing to touch a hefty 4x4 for pulling a horse or boat trailer, which is as good a reason as any to buy one mainly for road use). But are the benefits, real or

imagined, of using a big 4x4 on the road worth heavy fuel consumption and having to endure ride comfort and handling that cannot match a normal car?

They would not be to me. But I do not expect people who have bought on-off road 4x4s - 20,000 of them this year - and use them mainly, even exclusively, on the road, to agree.

If you must drive a high slung on-off road instead of the luxurious saloon or estate car you can have had for the same money, the Range Rover CSK I drove last week is a good choice.

It is a limited edition of 200, and the CSK initials are those of Spen King, the eternally youthful designer of the original Range Rover more than 20 years ago.

The CSK is a two-door, with a 3.9 litre, 185 horsepower fuel-injected V8 and costs £28,995 (5-speed manual gearbox), £30,319 (4-speed automatic transmission).

No 4x4 I have driven can equal the CSK for sheer performance. A top speed of 114 mph (183 kmh) is claimed, which compares with 102 mph (165 kmh) for the 175

To advertise in the  
Motors section  
please contact  
Graham Loveluck-Edwards  
on 071-873 3218  
or 071-407 5632

TRAVEL

Jet-lagged, numb-bottomed and culturally confused. But it takes Nicholas Woodsworth no time at all to settle into the lap of luxury

# Mauritius: island of tropical jigsaw puzzles

IT IS early in the morning. Air Mauritius Flight 063 is 12 hours out of Heathrow, and in the bright light of a new Indian Ocean day our UK press group is looking distinctly rosy. The fashionable young woman from *Morie Claire* has slumped sideways in her seat and left her mouth unobscuredly open. *Wedding and Home* is curled up in a wrinkled, foetal ball. Expressions, who has been reading all night with blood-shot determination, has eyes that express nothing at all; they contain only the infinite bifurcations of detailed road maps.

I, personally, am feeling like death. In the paperback copy of *Peter's* lying crumpled in my lap. *Clive James* has himself winging into Washington, Peking and Sydney as fresh as morning sunshine - no mention of what sitting up all night in a 747 really does to anyone over the age of 18. But *James* is also reassuring. Wherever you go in the world, he says, doing corney tourist things is not only all right, it is actually good for you.

Journalists who wax sentimental, talk only to important people and are too proud to indulge in guided tours or pool-side hotel barbecues are making a big mistake. Not only do they fail to get a real feeling for a place, they also fail to have fun. I am anxious to take *Clive James* advice, and as our aircraft finally begins its descent, I wish upon us every tour and barbecue we can find on the green little island below.

Mauritius is a surprising place, not at all the tropical paradise one might think an Indian Ocean island should be. True, it has palm trees, sand, coral reefs and some of the best water I have ever seen. But that is only part of it, and I for one am thankful. As anyone who has spent any time on them knows, tropical island paradises become boring very

fast. Geographically, as well as in every other way, this is an island of the oddest juxtapositions. It is as if someone had taken a shelf of jigsaw puzzles, mixed them up, and by some astonishing trick managed to make a handful of pieces fit together - a more intriguing mixture is hardly possible. All this we realise in dazed fashion as, staggering onto a mini tour bus complete with guide and squawky loud-speaker, we leave Sir Seewoosagur Ramgoolam International Airport (one of the easier names on the island) and bounce our way to the Hotel Saint Geran, our home for the coming days. Although it is only some 30 kms up the coast

*The days drift by. We eat, we drink, we play...*

from the airport, there is no direct route and we have to drive clean across the country, make a dog's leg and drive back. This is not quite as bad as it sounds; the sovereign state of Mauritius is only about the size of Surrey. There is no place on the island that is much more than an hour's drive from anywhere.

On the other hand, there is no road in Surrey that can match Mauritius for bumps and potholes. The whole system, including its cars, is ancient Austin Cambridges and Morris Oxfords - comes from another age. I find it charming, but *Mauritians* say it will soon be modernised.

I am not so sure. I have an idea that the government suffers from an ongoing dwarf complex, as long as they keep the roads in awful shape, it will take longer to get anywhere, and make the island seem bigger. At any rate, our roundabout

route takes us past things that simply should not be together in one place - pines and palms, banyans and baobabs, oaks and oleanders. Down by the coast it is pure South Sea island. Up on the central plateau there are rainy bits of Scottish highland, hilly sections of Sri Lankan tea plantation, tawny stretches of African savannah. Turn one way and you gaze up at twisted mountain peaks. Turn the other and you overlook vast spreads of sugarcane running down to the sea.

The human geography, too, is wholly anarchic. We drive by Indian villages, English country churches, African shanty towns, old French rural houses, Chinese shops. None, what is more, is a watered-down version of something else. They are all authentic, the products of a long, varied history of colonial ownership and imported field labour.

The Indian villages have many pie-dogs and lovely saris. Women carrying bright parasols over their heads. The English churches have bellies (bats, presumably, included) and cemeteries full of Smiths, Browns and Joneses. The French houses, pillared, verandahed and lost in wind-ruffled shades of sugarcane, are peopled by old island families that have lived with all the style of a privileged French rural gentry since well before the revolution of 1789.

By the time we reach the hotel we are shattered - jet-lagged, numb-bottomed and culturally confused. Did the French arrive before the English? Did the Dutch arrive after the Portuguese? Who came first, the Indian labourers or the Chinese coolies? Or did the African slaves beat them both to it? If everyone is able to live peacefully together here, how is it that the island's original inhabitant, the Dodo bird, is no longer with us? What time is it anyway? It is all rather distressing, except for *Morie Claire*, who has



Turn one way and you gaze up at twisted mountain peaks. Turn the other and you overlook vast spreads of sugarcane running down to the sea

fallen asleep again. Our infinitely skilled hosts at the Saint Geran soon have us unshattered. By 2pm we are anchored to underwater bar stools in a serpentine swimming pool studded with little islands on which gaily-dressed couples dine on smoked marlin and creole prawns.

A stone's throw away, a ridiculously postcard-like backdrop of blue sea, white sand and green palms leans against the sky. It is all, however, perfectly real. We sit back on our watery seats, pale English faces to the sun. Expressions is quaffing strawberry daiquiris

(they match her eyes). *Wedding and Home* has chosen virgin white pina colodas, while *Morie Claire* has conservatively stuck to g and t. I determined to do the corney tourist thing have opted for the inimitable Dodo cocktail (pineapple juice, white rum, cherry liqueur, grenadine and crushed ice). The real challenge in drinking it is getting one's face through the forest of tropical flowers that rim the glass.

We settle into the lap of luxury as if to the manner born. The Saint Geran, winner of international awards for excellence, has just had a \$15m face-

lift, and provides every hospitality, refinement and cocktail known to man. A press handout tells us that the hotel is the haunt of princesses and film stars. We hunt about for princesses but, alas, find none. In the end we have to make do with a paunchy Ken Bates, owner of Chelsea Football Club.

*Morie Claire* becomes an addict to waterskiing in the lagoon behind the hotel, and develops weight-lifter's shoulders. *Wedding and Home* swallows much salt water while snorkelling off the reef, and abandons sports in favour of

attending marriage ceremonies held on a little island in the hotel's tropical garden. Expressions lies on the beach and turns an ever angrier colour. I take large divots on the hotel's Gary Player-designed golf course, capsize a fibreglass maroon, and work my way through the cocktail list.

And so the days drift by. We eat, we drink, we play. We go on guided tours and attend pool-side barbecues. In the evening we indulge in pool-side cabarets and pool-side dancing. It is all corney tourist stuff, and marvellous. And like all corney tourist stuff, it must come to

an end and we must go home. Which, too soon, it does and we do.

Nicholas Woodsworth travelled c/o Air Mauritius (tel: 071-437-7075) and stayed at the Hotel Saint Geran (230-532-626, telex 4330).

Information about the hotel may be obtained in England from UK Sun International Hotels, Badminton House, Gravel Hill, Hanley-on-Thames, Oxfordshire, RG9 4NE, (0491-574546).

## A week in Wisteria Cottage

Denise Heywood on country retreats for jaded business people

WISTERIA Cottage, one of three converted stables about a mile from Broadway in the Cotswolds, was to be here for the weekend. It was immaculate to the point of being daunting; antique tables gleamed, the carpet looked new and the kitchen was a great deal better equipped than my own.

A three-course dinner arrived in advance was in the fridge, with instructions on how to heat it and a "welcome hamper" - butter, marmalade, coffee, tea, sugar, two loaves of bread, cake, fruit, cheese, milk and a bottle of wine - bulged on the table. The bedrooms had exposed beams, solid pine beds, white duvets, frilly pillows and rose-pink curtains.

The owners of Wisteria Cottage, and many others like it, are John Beddington, an economist and statistician at Imperial College, and Graham Beller, a City of London solicitor, who met and got to know each other when, working on the same legal case a few years ago, they had to travel together on Concorde 17 times in 17 consecutive weeks.

How nice it would be, they day-dreamed, to have a country cottage to which they could retreat with their families from the tensions of work. By the end of the 1980s the dream occurred to them that other equally busy business people probably had the same dream. The result was Rural Retreats, a company they formed to provide luxuriously furnished cottages that can be booked as and when required

in the way you would reserve a hotel room, except that there is a two-day minimum stay. The business took off and they now have about 40 properties in the Cotswolds, Surrey, the Weald, Dorset, Peak District, Forest of Dean, Scotland and the Wye Valley, owning some and managing others.

There was a golden Cotswold stone manor house opposite Wisteria Cottage and a part-12th century church dedicated to King Alfred's granddaughter just up the lane. Cows munched in the meadows and sheep grazed on the hills around us.

The Cotswolds have some of the most beautiful villages in England, but tourism has taken its toll. High on the list of visually perfect places is Broadway with its mellow honey-coloured houses and pink-flowering chestnut trees lining the main thoroughfare. It has gift shops, tea shops, bookshops and hotels but, as one resident said, "the trouble is there are no decent shops for local people."

We decided to look for a less well-known place to spend Sunday afternoon and found nearby Stanway House, a Jacobean manor that has been lived in by 15 generations of the same family since it was built in the days of Elizabeth I. It has changed hands only once other than by inheritance; its present occupant is Lord Neidpath, son of the 12th Earl of Wemyss, who has lived there since 1976.

The fact that not many people seem to know it today, makes Stanway House pleasant to visit. "We get about 6,000 to 7,000 visitors a year and the number is going up gradually, but people like it the way it is," said Lord Neidpath, who works in the library "the warmest room in the house" at a large round table cluttered with books and papers, with portraits of his ancestors on the walls.



"The way it is" - as we saw when Lord Neidpath, in jeans and tweed jacket, showed us around - is grand but casual. And there is some intriguing furniture. In the Audit Room, tenant farmers still come to pay their quarterly rents (it saves postage) at the rent table used for the purpose since 1780.

Lord Neidpath took us up to the roof, which has a colony of bats, and on to the parapet walk, which has a view of landscaped grounds that include a 14th century tie barn, water mill, ice house, brewery and dog cemetery.

That evening we heated our already prepared and delivered three-course meal in the microwave. It costs £26 for two, you make your choice from seven dishes per course, which are prepared in servings for two, so two of you have to like the same things.

We saw *Hidcote Manor* gardens in the rain but it could not spoil their beauty. The name *Hidcote* conjures up

scents of lavender and old roses and we weren't disappointed: both are there in profusion, along with herbaceous flowers and shrubs growing in separate gardens that are divided from each other by yew and copper beech hedges. Everything seems to grow contentedly together like one great cottage garden planted by an artist: it is all a sheer delight.

A Sunday afternoon walk in the sunshine took us up through woods, across fields and along lanes where wild sweet peas were in flower. We waded through meadows of the kind one thought no longer existed, with buttercups and clover in the high grass, and the church bells were ringing as we came down to Wisteria Cottage.

There are still unspoiled villages to be found in the Cotswolds, and Rural Retreats has cottages in several of them: a 300-year-old farmhouse in Ebrington, a converted schoolhouse in Lower Swell, and a 17th century silk mill in Blockley, where a stream runs alongside the main street and there is a grave of a trout that lived for such a long time it was buried with full honours.

Information: Rural Retreats, Blockley, Moreton-in-Marsh, Gloucestershire GL56 9DA, tel: 0566-701177. Until March 16 there are two special offers: a Winter Mid-Week Sever with 10 per cent reduction, prices from £128 for three- or four-night stays (Monday to Thursday); and extended weekend breaks from mid-afternoon on Friday to 9am Sunday. Prices from £98.

PUNTA del Este, the St Tropez of South America, has three things in common with the French Riviera resort: big yachts, dirty beaches and sleaze.

The concrete tower blocks of Uruguay's premier holiday destination jut out of a countryside that boasts another French connection. The pine forests and grassy dunes at the mouth of the River Plate look like a transplant from the Biscay coast.

The aroma lingering at the roadside as you drive east from Montevideo, the capital, serves as an enticing appetiser to Punta del Este; but as a main course, the town does not live up to the expectations conjured by its pretty hinterland.

It is surprising that holiday-makers push on to the high-rise resort when they could settle for a round of golf or a swim at Atlántida, closer

## The French connection

to Montevideo, where an exclusive country club is hidden from view by the trees.

Further on, the lack of bookings at El Fortín de Santa Rosa, about 50 miles from Punta del Este, is even more bizarre. The old fortress dedicated to the Rose of Lima, the reclusive Peruvian virgin revered as the patron saint of South America, has been converted into a hotel and restaurant. A carpet of pine needles lines the path from the hotel to its private beach. The cecidias - beehive grills - served at Santa Rosa are unrivalled on the Uruguayan coastline.

The mood is sleepy and in the little towns nearby, such as Portonuelo, the windsurfers and boules players complete the Riviera image.

As you drive up the main street of Punta del Este a concrete terrace fit to be painted gives way to an urban peninsula with the Atlantic and the River Plate lapping at its doorsteps. The apartment and hotel blocks are made of drab concrete which gets drabber when the prevailing winds blow clouds from the ocean.

The wind that whistles up the Playa Brava - the beach on the Atlantic side of town - propels many customers towards Uruguay. Punta del Este Yacht Club is home to hundreds of fine sailing boats and motor cruisers, their crews helping to maintain the town's jet-set image when they breeze in.

Latino are the town's best clients. In the peak season,

December to March, it is packed with punters from Buenos Aires, 15 minutes by jet across the River Plate. The wealthiest porteno residents of the Argentine capital, escape each winter to their private villas and yachts where they can forget about the hyper-inflation and political turmoil back home.

The Uruguayan tourist board claims that holidaymakers swarm into Punta del Este because it is one of the most lively places in the southern hemisphere. Out of season, it is relatively comatose. Many hotels close down altogether and the foreign-owned villas are boarded up.

However, the town's casino is open year round and when the banks close the proprietors

are happy to change major currencies. Winnings are in pesos and unless you demand large denominations, the tellers will exchange your chips for a bucketful of notes.

The house rules are lax and punters may fit from one table to another while the roulette wheels spin. Gambler with armfuls of cash can make a quick getaway, for the casino sits beside the town bus station and there are regular departures to Carrasco airport. As the old Groucho syndicate pull out of Punta del Este, they pass a monument dedicated to Juan Días de Solís, the Spanish explorer, who landed nearby in 1516 and discovered Uruguay. ■ *British Airways* (081-397-4000) offers one flight a week to Buenos Aires with connections to Montevideo and Punta del Este.

Tim Burt

### HOLIDAYS AND TRAVEL

#### FLIGHTS

SCHEDULED RETURN FROM: **£59**

airtour/europe

PARIS	£28	MADRID	£39
BRUSSELS	£28	ROME	£39
AMSTERDAM	£28	BARCELONA	£39
LONDON	£28	ATHENS	£39
GENOVA	£28	PARIS	£39
MILANO	£28	PARIS	£39
BARCELONA	£28	PARIS	£39
ATHENS	£28	PARIS	£39
PARIS	£28	PARIS	£39

071-706 3737

Holidaymaker Group plc

#### SELF CATERING

HOUSES IN TUSCANY & UMBRIA

The Palazzo Belmonte

We have available for rent, all the year round, a small selection of privately owned houses in this beautiful area of Italy. All are privately owned, some fully staffed, and have a swimming pool. As an alternative, elegant apartments in the unique Palazzo Belmonte, Southern Italy, are available from May to October. For colour brochure, and prices, also details of other properties in Majorca, Algarve, Corfu and Patmos (South of France - separate brochure) telephone:

071 581 0851

071 584 8803

TRAVEL 071 581 0851

071 584 8803

071 581 0851

071 584 8803

#### HOTELS/UK

CORNER HOTEL, 25 Belgrave Rd., Victoria, London SW1V 1RS. Small friendly Doulos. Tel. 071 834 8525.

#### SPECIAL INTEREST

HOLIDAYS VOUCHERS make ideal presents for birthdays, anniversaries, Christmas etc. Details from Time Out, Coventry House, London, SW1X 7BG. 071-236 5074.ANTA 5074.

#### CARIBBEAN CHRISTMAS

Holidays to Antigua, Barbados, Saint Lucia etc. Now on sale all B.A. flights. Tel: The Caribbean Specialist, INTERLINE TRAVEL, 071 73289.ANTA 5002.

#### SKIING

Ski Paradise in the "Trois Vallées"

Discover and enjoy French alpine tradition at the Trois Vallées. Ski what you choose the comfort of modern lift with all the elegance of a first class ski resort.

For a free brochure, contact us at: 071 581 0851. 071 584 8803. 071 581 0851. 071 584 8803.

### TRAVEL SPECIALS

Greece - 29 December

Skiing - 5 January

Holiday '91 - 12 January

Spain - 19 January

London - 26 January

to advertise in these travel features please call:

Clare Peasnell

071 - 407 5755 or

Lesley Proctor

071 - 407 5751

#### TUSCANY

For the very best of Tuscany, our new 1991 brochure offers a wide range of country villas, apartments and country houses. Monthly with you or late, cheap & late. Also Umbria.

Ring now for your copy of our superb colour brochure.

Tel: 0623 786273

Tuscany House, 351 Tavolara Road, Malborough, Wilt MS16 6UH

#### CAREFREE ITALY

FARMHOUSES & APARTMENTS IN THE HEART OF TUSCANY, UMBRIA & VENETO

24 hours brochure hotline: 0689 841900

#### PRAGUE

PRAGUE Spend time in beautiful Prague. Accommodation in private homes and small apartments. Business, pleasure and small groups also accepted. Tel: 0202 70 33 51. Fax: 0202 70 33 51.



BOOKS

# Scrooge past and present

This was a sure-fire winner for Dickens, says Anthony Curtis

ON DECEMBER 27, 1843, and for two subsequent nights, a one-man show was staged in Birmingham Town Hall, its aim to raise funds for the Birmingham and Midland Institute. At the end of the performance, which took three hours (later cut to two), the performer, Charles Dickens, was given an ovation. His script had been *A Christmas Carol*. It was thus in Birmingham that Dickens's prowess as a reader of his own work burst upon the world. After several more charity performances in different locations, Dickens gave readings from his work all over Britain and America for his own financial benefit, drawing capacity audiences wherever he went.

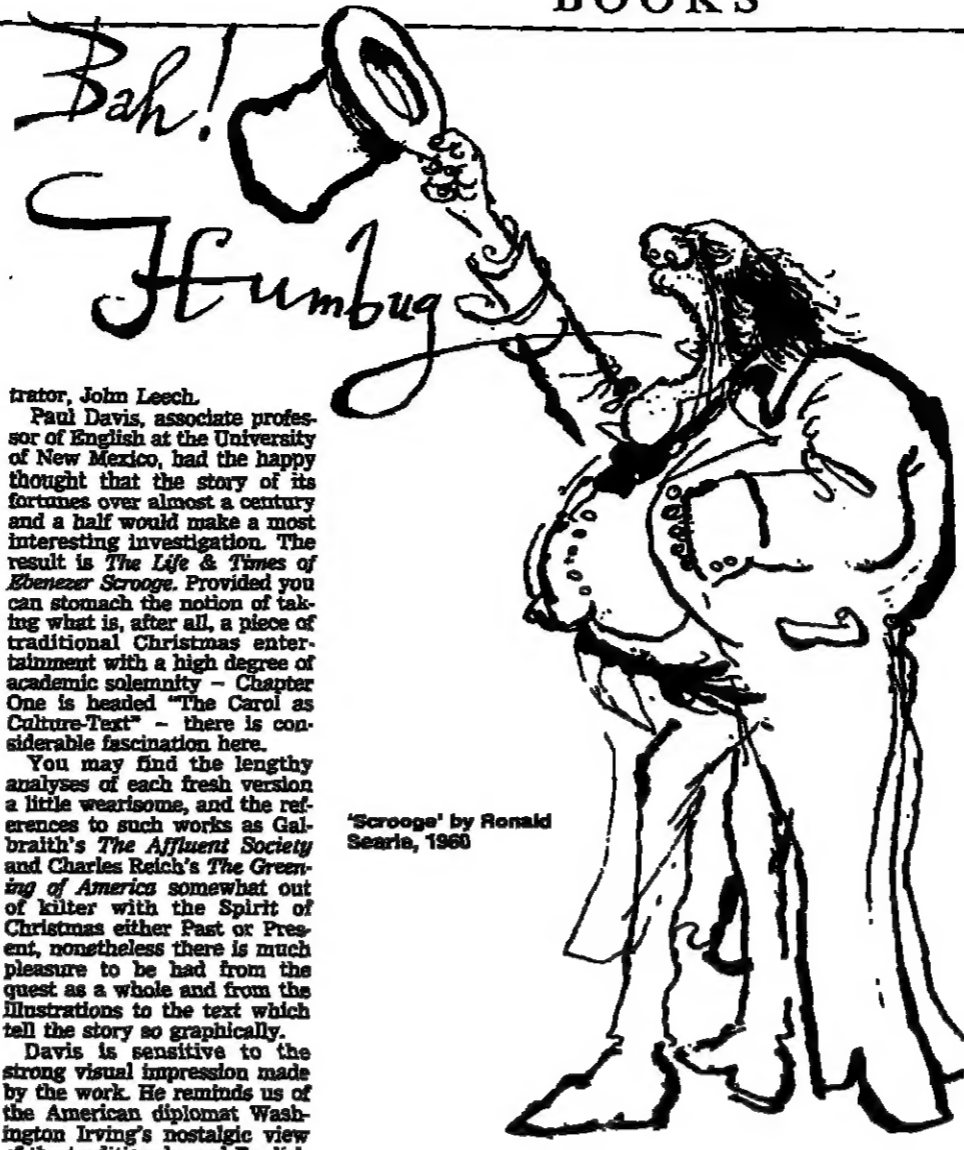
The *Carol* was always a sure-fire winner. "Never did we see or hear a man throw himself so entirely into the spirit of a book," wrote the reporter for the *Bristol Times* in 1853. Dickens identified himself totally with each character in turn, sustaining a huge range of vocal and facial expressions. After a while he knew the text almost by heart and would sometimes on the spur of the moment introduce fresh intentions and gestures.

Thanks to *Charles Dickens: The Public Readings*, edited by Philip Collins in 1975, not only do we have the text as performed by Dickens, but also the many stage directions which Dickens put in to aid his memory. This acting-text is notable for the inclusion of passages in the published version, such as the didactic section on Ignorance and Want. The word "Scrooge" is doubly underlined and was given such tremendous emphasis that it seemed, as Dickens uttered it, to make the old man hiccup before the eyes of the audience. The explanation "Oh" which precedes "But he was a tight-fisted hand at the grindstone..." was drawn out for three or four seconds. Marley's

THE LIFE AND TIMES OF EBENEZER SCROOGE  
by Paul Davis  
Pp. 258, £15.95, 283 pages

December, but unlike the others it acquired legendary status as soon as it appeared. There were several stage versions in Dickens's lifetime. Later two outstanding British actors, Bransby Williams and Seymour Hicks, took it over and gave it at length on the legitimate stage and also, ruthlessly cut down, in the music hall.

It has been equally popular in America in spite of its appearance just after *Martin Chuzzlewit*, which contained Dickens's savage satire on the American way of life. Lionel Barrymore used to give an annual radio performance of it over Christmas to an audience of millions. The book plot has been re-worked in many later novels and stories; there have been innumerable adaptations for film and television. These later versions have done nothing to obscure the original Dickens story. On the contrary, it has been re-printed more than any other of his works, usually with new illustrations. Many of the real names in the book-illustration have had a go at it, but none of them has done better than its first illus-



'Scrooge' by Ronald Searle, 1960

trator, John Leech. Paul Davis, associate professor of English at the University of New Mexico, had the happy thought that the story of its fortunes over almost a century and a half would make a most interesting investigation. The result is *The Life & Times of Ebenezer Scrooge*. Provided you can stomach the notion of taking what is, after all, a piece of traditional Christmas entertainment with a high degree of academic solemnity - Chapter One is headed "The Carol as Culture-Text" - there is considerable fascination here.

You may find the lengthy analyses of each fresh version a little wearisome, and the references to such works as Galbraith's *The Affluent Society* and Charles Reich's *The Greening of America* somewhat out of kilter with the Spirit of Christmas either Past or Present, nonetheless there is much pleasure to be had from the quest as a whole and from the illustrations to the text which tell the story so graphically.

Davis is sensitive to the strong visual impression made by the story. He reminds us of the American diplomat Washington Irving's nostalgic view of the traditional rural English Christmas - described in his *Sketch Book* (1819) and later published separately, illustrated by Caldecott - with the blazing yule logs, the wassail bowl, the mummings, the peasants, yeomen and gentry celebrating harmoniously together on the bounty of the lord of the manor. Dickens's strategy was to reassociate the togetherness of this rural festivity in the setting of commercialised Victorian London. This contrast between the rural and the metropolitan is depicted in Scrooge's return under the sign of the Spirit of Christmas Past, to his own deprived, solitary childhood and it continues into the Present with the roasting goose Christmas dinner at Bob Cratchit's, the centerpiece of every version.

Within the brief compass of the *Carol* are found several more polarities basic to our society - employer and employee, charity and contract, the able-bodied and the disabled, and the many polarities that may subsist within large families. Davis shows how, as the tale has been re-interpreted at different periods, one or other of these has been given peculiar prominence. Thus as Victorian society became more secular and agnostic towards the end of the century, the miraculous element tended to be played down and the "social gospel" aspect to be played up.

Wherever you place the emphasis, however, *The Carol*

will always be essentially the story of a conversion. The Scrooge of *Stave One* represents not so much a miser as an arrogant workaholic and monetarist who believes in individual effort as the only form of salvation. He is succeeded by a reconstructed Scrooge who has been made aware of the human implications of his harsh doctrine in the lower reaches of society, and who returns to his office a wiser, humbler and more compassionate man. Hopefully, the conversion of Scrooge is one of the necessary, sustaining myths of entrepreneurial society, originally formulated by its greatest writer of fiction.

# From Galilee to El Salvador

Robin Lane Fox on the changing face of Christianity

THIS CHRISTMAS, there are believed to be about 1,600m Christians in the world. The churches are expecting strong numerical growth during the 1990s: analysts have already pencilled in 2,020m for the year 2000. It looks to be a great growth story, but there may be problems in treating it as a unity: in places, it looks ripe for de-mustering.

There is also scope for wondering if proper accounting procedures have been followed. The official expectation is that 32 per cent of the world's population will be Christian by the end of this decade. In 1980, about 50 per cent of them were classified as "committed and active" by the most up-to-date survey. I cannot help thinking that the commitment is being exaggerated. Many people, I suspect, conform to a fine phrase given us by the editor of this new history: they "discover their Christian vocation in times of crisis."

The most conspicuous change is not in dispute: it concerns the distribution of Christian numbers on the map. The Latin American venture is helped by a soaring birth-rate and continues to out-perform the traditional, core businesses. It now accounts for more than a quarter of the total Christian membership. For the first time since the 17th century, as the Bishop of Winchester reminds us, the majority of Christians in the world are not of European origin. The local difficulties of the Church of England may be fascinating, but they should not divert us from this unstoppable change: Christianity's congregations already cluster along the Equator and lands south of it. In thirty years' time, this southern constituency will be the Christian majority.

Even so, it is not the fastest-growing subsidiary in the worldwide group. In China, Christian groups are believed to have grown faster than anywhere else during the past ten years. Their progress is only moderately good news for the Church's hierarchy. Most of its new members have been found among groups of rural peasants. They gather in their own little house-churches, like the earliest Christians themselves. Each group may number less than twenty people and authority is very fragmented. If anyone wields it, it is the local lay gatherer. The leaders, even among nominal Catholics, are as likely to be a woman as a man.

THE OXFORD HISTORY OF CHRISTIANITY  
edited by John McManners  
Oxford £25, 724 pages

seems. I was particularly struck by the history of Christian practice and ideas in Latin America by Professor Pike: modern themes, like "liberation theology," no longer stood in a vacuum.

Both the Chadwick are in authoritative form. Henry on the early Church, Owen on Europe since 1800. If there is a weak link, it is perhaps Africa, where there is such diversity that any one summary of the early Christian East. Christianisation is also a continuing question. In the later parts of the New Testament, Christianity is already beginning to adapt to Greek thought, not merely to Greek language: I doubt if Jesus himself spoke the Greek of any one country. Nowadays, Christianity in China, Japan and especially Africa must adapt once again to local cultures without extending into every aspect of a person's social, ethical and intellectual life.

Christianisation can thus mean many different things in ways which would surely surprise a global traveller this Christmas. This fact is not necessarily a promising one for Church organisation. Christian numbers may well continue to grow, but in Africa, Latin America and China they are not being won over to the fixed authority and leaders of a central Church, a Christmas in the 21st century will be even more diverse than the one which is now before us.

Will Chinese women soon be speaking for a big Christian presence at world synods? How will Brazilians or Ugandans

# Loved and left by the literati

Jackie Wulfschlag considers the reputation of a 'fashionable and faintly vicious bluestocking'

VIOLET HUNT wrote romantic potboilers and in many ways her life resembled one. She was Ruskin's favourite and Somerset Maugham's lover; she flirted with H G Wells and single-mindedly in 1914. Oscar Wilde almost proposed to her and Ford Madox Ford almost married her. She hoped for literary fame and marriage; she got only notoriety as a fictional wife, the model for Sylvia Tietjens in Ford's *Parade's End*.

The core of her life, as she wrote in her memoirs, *The Flaming Years*, was the time she spent with Ford between 1909 and 1914. Here, Joan Hardwick has put together the story of what happened before and after Ford, but the kernel of interest remains her influence on the pre-war literary whirlpool that included Ford, Ezra Pound and D H Lawrence.

Was she a ripple or a big splash? Ms Hardwick makes a case for the latter. "What a Celebrity's Daughter, *The Heart*" - as post-feminist "austere truth-telling", and the better ones might today

intrigue historians of the Women Question, but in the grand tide of modernism they are insignificant. Chronicling their creation and publication along with the works of Joyce, Ford and Lawrence leaves Ms Hardwick with the hopeless choice of either making her subject a marginal figure in her own biography, or

AN IMMODEST VIOLET: THE LIFE OF VIOLET HUNT  
by Joan Hardwick  
Andre Deutsch £14.95, 205 pages

discussing literary history from a cradly oblique perspective. Doctrinaire with woefully inadequate criticism, gossip brings relief. Violet was famous for her viperish tongue; Ms Hardwick is milder. Here are Pound and Ford playing tennis with Lawrence as ball-boy; Ruskin ("Violet must be a woman," he said) promised Violet by her Pre-Raphaelite family in compensation for the fiasco with Rose la Touche; Violet the "fashionable and



Violet Hunt: her life resembled a romantic potboiler

unhappy Sylvia Tietjens in *The Last Post*. It is not a picture that would make one keen to meet Violet Hunt, and nor does this biography. Unlike Ford's, Ms Hardwick's portrait is desperately generous. But her simple analysis betrays no glimpse of having understood either the woman or her background -

the changing England of Ford's *Parade's End* - and her pleasant explanations make one finally as irritated with Violet Hunt, and not does this biography. Unlike Ford's, Ms Hardwick's portrait is desperately generous. But her simple analysis betrays no glimpse of having understood either the woman or her background -

# Fiction

## In 'The Magus' tradition

THE SALAMANDER TREE  
by Robert Lipscombe  
Hamish Hamilton £13.99, 376 pages

THE BEST THERE EVER WAS  
by John Ed Bradley  
Bloomsbury £13.99, 336 pages

PECKHAM'S MARBLES  
by Peter de Vries  
Hale £13.95, 253 pages

covers magical properties in it similar to *Disco 30*. And so on. To say any more would only confuse the issue. All you really need to know about this book is that it is a very cerebral work, the product of a highly original and well-stocked mind. If you are into poetry, metaphysics, Kabalistic intrigue, you will find it thoroughly absorbing. If not, you should leave it well alone and turn perhaps to *The Best There Ever Was*, a second novel from John Ed Bradley, whose first, *Tupelo Nights*, had a good reception on both sides of the Atlantic.

Bradley is a Pulitzer-nominated sports writer, and his subject here is American football, as played on a hick university campus in the deep south. The spongy hero is Harold Gravelly, coach to the first team, a legendary figure in football circles, so legendary that there is a plan to put up a life-size statue of him in his home town.

Harold is famous because his team won the national championship 30 years ago, after a rabble-rousing speech in which he exhorted them to go out and fight with their rear ends so extended that it would take a pair of tenpenny nails to keep

needs to come up with something more refined, but can't because obscenity is in his nature. To add to his troubles, Harold is dying of cancer, a place of news which he cannily reveals on prime time TV, knowing that the college authorities will have no option but to keep him on for one last, desperate season. He intends to go out in a blaze of glory and does so, although not in the way he intended. There is comedy in his end, and tragedy too. He is a totally believable creation, a gun-chewing, beer-swilling redneck of the kind one hopes never to meet in the flesh, yet agreeable enough when encountered on the printed page.

Earl Peckham, hero of *Peckham's Marbles*, is a very different kind of American, a sophisticated Easterner who teaches creative writing in a small college and writes novels of his own in his spare time. His latest one has sold just three copies - assuming no returns - which only goes to show how little serious writers are appreciated in America.

In order to prevent the copies being sent back, which would make a considerable dent in the sales figures, Peck-

ham tracks the books down to shops in Omaha and Iowa and defaces them with his autograph. While doing so he meets Poppy McCloud, his publisher's star author, a trashy novelist whose books sell in millions. They go to bed together, she falls under his spell, Earl takes her in hand and shows her how to write properly. Poppy learns the lesson well, with disastrous consequences for her sales figures. The better she writes, the less her public wants to know, which is a good joke when you think about it, but not one that many novelists will appreciate.

Boone, a first novel by two young Harvard graduates, purports to be an oral biography of a seminal 1960s figure, a comedian and film maker whose influence on American culture was considerable in his own time and has achieved cult status since his early death. The story is narrated by several different people, as though interviewed for a documentary, and traces Boone's career from beginnings in California, via the Eastern stage, to success as painter, playwright and novelist before his death at 27 in a motorcycle accident. It's a nice idea, sidily executed, but the overall effect is more documentary than novel, partly because the different voices all have a worrying tendency to sound the same.

Nicholas Best

# Film books

## All Psyched up...

ANNIVERSARIES in the arts are like cultural tripwires. Civilisation is galloping along quite nicely when suddenly it feels something sharp and thin brushing its shin. It thinks "Uh-oh, another birthday celebration of something famous. What is it this time?"

This time it is *Psycho*. Thirty years ago Hitchcock made a horror film that changed the face of horror. In the long term it prompted an epidemic of "slasher" movies (the *Halloween*s and *Friday the Thirteenth*s). In the short term it tolled the death knell of that sweet, innocent decade called the 1950s, when family values were enshrined in glorious Technicolor and Doris Day comedies.

Not that tolling bells are quite the *bruit juste*. Screams and screeching violins rather. Why did Hitchcock, fresh from his all-colour suspense romp *North by Northwest*, set out to make a low-budget black-and-white shocker in which the heroine (Janet Leigh) is stabbed to death just when we have got to know her, whereupon the villain (Anthony Perkins), a transvestite psychopath, becomes our chief identification figure?

Stephen Rebello's book begins by throwing Ed Gein at us: the Midwestern mass-murderer who became a favourite late-1950s demon figure and may have inspired Robert Bloch's original novel. He then argues that a 60-year-old Hitchcock string of ageing stars (James Stewart, Cary Grant) and ageing genre (the picaresque chase thriller) decided to pre-empt the youthful revolution that might already have been stirring. He pre-empted it so successfully that it was ten years before films caught up with *Psycho* in terms of visceralism. In terms of artistic value, they never caught up with it at all.

Financed by himself and filmed with a largely TV crew, *Psycho* became a guerrilla production which still has ex-con-

tributors arguing about who contributed what. Rebello's intricate index covers writer Josef Stefano, who claims authorship of some of the film's visual masterstrokes, and graphics designer Saul Bass, who maintains that he storyboarded and shot the famous shower sequence. What can Sir Alfred say to deny it? Unlike Norman Bates's mother, he is not available for comment. A controversial read.

ALFRED HITCHCOCK AND THE MAKING OF PSYCHO  
by Stephen Rebello  
Marian Boyers, £14.95, 211 pages

SCHRAIDER ON SCHRAIDER  
edited by Kevin Jackson  
Faber £12.99, 227 pages

FADE OUT  
by Peter Bart  
Simon and Schuster, £15.95, 292 pages

HYPE AND GLORY  
by William Goldman  
Macdonald, £12.95 306 pages

but an enthralling one. Another anniversary. Twenty years ago Paul Schrader made his first film. It was a ten-minute short made at his university, UCLA. He went on to become a film critic, a screenwriter (*Taxi Driver*) and a director (*American Gigolo*, *Mishima*, *The Comfort of Strangers*). In *Schrader On Schrader* he talks to Kevin Jackson about his films and their peculiar blend of violence and moral vigilance.

This is a riveting book, mainly because Schrader writes and talks as well as he makes films. The early critical essays reprinted here, on every subject from *Rashômon* to Robert Bresson, show what a noble reviewing mind was lost to the director's chair. And the interview material shows that even when a Schrader film

misses the mark (*Hardcore*, *Light of Day*), there is still the consolation that Schrader might talk about it with the same analytic bravura he devotes to his masterworks.

There is little for anniversaries. *Psycho* is in Peter Bart's *Fade Out*, the story of MGM's decline, unless it is that mournful occasion in 1970 when a poverty-stricken studio auctioned off its treasures. Under the hammer went everything from Judy Garland's *Meet Me in St Louis* to *Johnny Carson's* *Weissmuller* and *Howdy Doody*. Afterward, recounts one-time MGM vice-president Bart, it was all downhill. Under Kirk Kerkorian and a succession of ill-fated production heads, Leo the Lion's roar grew fainter and fainter.

Intriguing though it is, the tale proves a depressing read. A more acerbic touch, or even a more apocalyptic one, is Edward Gibbon, might have transformed the book from an extended balance-sheet into a more resonant ballad about filmic man's follies.

William Goldman's prose sings and stizzles even when, as in *Hype and Glory*, he has nothing to write about. The famed screenwriter who penned *Butch Cassidy and The Sundance Kid* (and who never lets us forget it), here yokes together two satiric broadsides about the Cannes Film Festival and the Miss America contest, in both of these he was juridically involved in 1988.

Apart from blazing pleasantly away at the promotional mania we humans are prone to, it is hard to see what the point of it all is. Norman Mailer or Gore Vidal might have built some beeding comical-philosophical card-house out of the disparate elements here featured. But Goldman is neither and the book collapses each time more than two of three caustic apocryphs are piled atop each other.

Nigel Andrews

## Salerom

# End of the year blues

**Antony Thornicroft**

prints, including examples of all the great names — Utamaro, who concentrated on "large head" portraits of women; Harunobu, famous for his winsome women with their lovers; and Hiroshige and Hokusai who drew landscapes. Such as the celebrated "Red Fuji" and "The Great Wave," both included in an auction which is expected to total \$2.75m.

The Japanese are still coy about bidding in public in Tokyo and Sotheby's is holding the auction in conjunction with Sotheby's in London, the department store which is also one of the main art dealers in Japan.

## Theatrically unleavened fare

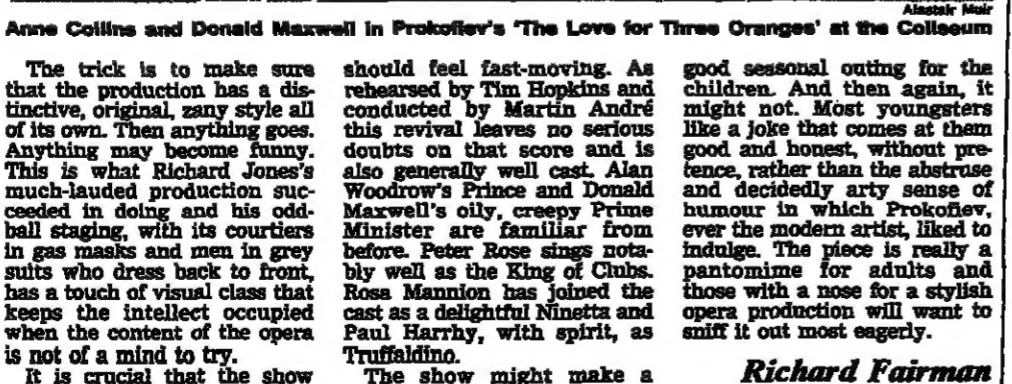
A roost of slobs and divvies (a feminine noun that has not yet made it to the Oxford Dictionary) is ruled by the venerable Nellie Boswell, matriarch, who is given a spicited performance by Jean Boht. This account, at first, manages to control the switch from naturalism to interscene asides to the audience, which represents the dramatic structure of the piece. Most of the others — and Robin Nash's production has not stinted on the casting budget — would have been better off finding themselves a canto for the season.

**Claire Armitstead**

## Scratch 'n' sniff time

good seasonal outing for the children. And then again, it might not. Most youngsters like a joke that comes at them good and honest, without pretence, rather than the abstinence and decidedly arty sense of humour in which Profkofiev, under the modern artist, liked to indulge. The piece is really a pantomime for adults and those with a nose for a stylish opera production will want to sniff it out most eagerly.

**Richard Fairman**



# rama

it is fascinating to see how rayn blends the progress of the plan with the course of the two couples' relations. Ultimately Collin stands as an independent at an election, and nets 173 votes and a divorce; while the redevelopment is cancelled, and resolved into one tower, half as high - which is awarded a prize. Michael Kitchen played David, Barbara Flynn his wife; Harriet Walter, sounding more successful and timid than I ever heard her on stage, was Sheila and Clive Francis Collin. Matthew Walters directed.

And while we are in English some-grown writing, it was pleasant to hear John Moffatt, in Radio 3 that same evening, reading a story by Sir Victor Gollancz to celebrate his 90th birthday. Sir Victor chose the story himself. *The Oedipus*

## Radio

## Sentiment for drama

Sunday, Terence Rattigan's *The Browning Version* on Radio 4 and Michael Frayn's *Benefactors* on Radio 3.

When he saw *The Browning Version* in 1976, three decades after writing it, Rattigan confessed to a director that "some of the language, particularly in the love-interest scenes, was old-fashioned," and so it is. "We're finished, Millie - you and I" was not real lovers' even talk in 1947. Four out of five of the light characters are pathetic. Rattigan, and not just he, has conceded that he has given them dull dialogue in order to ensure that not too much interest is taken away from the schoolmaster Crookenden-Harris, his pupil Taplow, his wife Millie and her lover, the assistant master Frank Hunter. As the play progresses, the characters grow dull or intrinsically uninteresting, or so masterfully

## 'Attila' shrivels criticism

*Opera North has confirmed this opera's quality, says Max Loppert.*

Its defects are Bright Ideas (Attila and his barbarians as an exotically got-up rather than roaring and punching the air at the least provocation, a time-travelling mixture of costume styles for the others) not distilled from the conceptual essence of the production but decked upon it as mere decoration. Judge always puts on a good show, and this *Attila* is no exception; it does, however, give off a whiff of camp that proves increasingly at odds with both the music and its Opera North realisation.



## Well acquainted with Macheath

which is amplified to varying degrees. One moment they're talking naturally, the next they're singing in an echo-chamber. Maybe such devices are necessary to make voices carry over instruments in a theatre in the round like this. And maybe, in that case, theatres in the round just shouldn't do this kind of musical.

***Alastair Macaulay***

---

**On Theatre Guide**  
by Wesley D. Thorne

**OLD WIC** (Wellesley Rd.) and **THE CONVENTS**  
Tues.-Sund., 8-10:30 Wednes. 7-10:30  
**BLAUZ** (Glenbury Ave.) Thurs.-Fri. 8-10:30  
**Les Miserables**

**Alastair Macaulay**

**N**O DOUBT about it, British middle-class sentiment is a useful commodity for the drama, even when it doesn't lead to a car-chase or a knife in the ribs. We had two classic examples last Sunday. Terence Rattigan's *The Browning Version* on Radio 4 and Michael Frayn's *Benefactors* on Radio 3.

When he saw *The Browning Version* in 1976, three decades after writing it, Rattigan conceded to the director that "some of the language, particularly the level of the women's speeches, was old-fashioned," and so it is. "We're finished, Millie - you and I" was not real lovers' even talk in 1947. Four out of the eight characters are rather dull people, and Rattigan has admitted that he was bored by them dull dialogue in order to ensure that not too much interest is taken away from the schoolmaster Crocker-Harris, his pupil Taplow, his wife Millie and her lover, the assistant master Frank Hunter.

Yet the play is so much more than dull or intrinsically interesting, and so masterfully

## SURGERY FOR SHORT-SIGHT

Particularly for patients unable to wear contact lenses. Surgical correction of Myopia and Astigmatism. Pioneered at the Moscow Institute of Eye Microsurgery and refined in the USA.

**LONDON CENTRE FOR REFRACTIVE SURGERY**  
**21 DEVONSHIRE PLACE**  
**LONDON WIN 1PD**  
**071 935 7723**

## ART GALLERY

**ALLANS HAND EMBROIDERED**

Silk Pictures make the most delightful gifts for Xmas and all festive occasions. Do call and see the wide variety of subjects, only available at

Allans of Duke Street,  
56/58 Duke Street,  
Oxford Street, W1H 6HS.  
Tel: 071-629 3781.

## Theatreline

Call the 0836 Theatreline numbers in this guide for more information and daily seat availability. Calls cost 33p off-peak or 44p at all other times from anywhere in the UK.

Theatreline is produced by S.W.E.T. in association with F.T. Cityline.

For daily seat availability only call 0836:  
430959 Plays 430962 Thrillers  
430960 Musicals 430963 Children's Shows  
430961 Comedies 430964 Opera/Ballet/Dance

*Marvellous, Spectacular, The West End's only pantomime*

**MARTI CAINE** \* **DEREK GRIFFITHS**

**LOUISE ENGLISH**

**Snow White**  
**AND THE SEVEN DWARFS**

**OPENING DEC 14  
FOR 5 WEEKS**  
**2.30 AND 7.30**

**BOOK NOW!**  
**STRAND THEATRE**  
**071 244 0300**

*Produced by* **Cathleen**

## Private View

## Uncorking authors

Christian Tyler talks to Jock Murray, one of the last publishers of the old school, about the owls and the larks, about Byron, Conan Doyle and Shaw

IT'S THERE some secret affinity between the profession of publisher and the profession of author? The first time I saw Jock Murray, the sixth John Murray of that ilk, he was butting away at a book launch in the drawing room of the famous family publishing house in Albemarle Street, Mayfair. Only his bow tie (he has 50, of them, two more than he has years) and a certain mischief in his eye gave him away. The next time I met him, he told me that his childhood hero was a butler called Barnes.

"I so admired the way he coped with the Thursday lunch parties for authors, who would ring up to ask if there was a spare place. Barnes kept a blacklist in his wasp-coloured waistcoat. I used to wonder what it was that made some unwelcome," he would sometimes say there.

Occasionally, I found out. "I admired the laying of the table, the serving, the cleaning of silver, the opening of bottles and I struck a bargain that if he would teach me the mysteries of all these things I would let him play with the trains in my nursery. I thought the bargain was in my favour. And how right I was."

In another mouth, those words might sound like an upper-class affectation. But there is a solicitude, almost Jeevesian attentiveness about Jock Murray when pouring a glass of Yourver, passing you to another cream cheese and honey sandwich, or helping you on with your overcoat - that suggests humility born of real enthusiasm for other people.

And that, I suppose, is what the art of publishing is about. Modesty may have stifled Murray's own ambition to write and commit him to the vicarious pleasures of editing others' work, but he is not so disingenuous as to hide this virtue in himself.

He quoted from a letter in the family archive which described him as "the only publisher in whose company a failed author could sit at ease."

"I think that's the most wonderful recommendation," he said. "I'd like that in my obituary." Sixty years of getting the best out of others, and a memory that stretches back more than 200 years to the founding of the firm in 1798, have given Jock Murray a sympathy for the follies of authors that must be unrivalled in British publishing.

"Whenever I read a book I wonder if the author is a lark or an owl," he said. "I wonder how they bear the weight of words and ideas whirling in their heads, while appearing normally. Publishers instinctively look behind the creative words to identify the human being."

"Who, for instance, could be reading Jean Rhys's novels have seen the character behind them? Or indeed Eric Galt's domestic life from

studying his typesets." He laughed wickedly, cocking an eye to see if the allusion had struck home. Hoping about the room, he produced manuscripts of some of the authors closest to his heart in order to illustrate his point: Byron's *Don Juan*, as effortlessly curative as a Mozart score; John Betjeman's *Sundays*; and Boris Pasternak's *Invitation of a Friend*, revealing idiosyncratic attempts at ordinary punctuation; or Patrick Leigh-Fermor's *Between the Woods and the Water*, a jumbo-sized pad containing the second part of the trilogy which has been struggling from the author's perfectionist pen at the rate of one chapter a year.

Murray fossicked for further evidence in his little black commonplace book ("a thing that everyone should keep"), noting how Alexandre Dumas could only write love scenes with his bedclothes on, how Dr. Johnson kept orange peel in his pocket, or how Melvyn Bragg could only start a new novel on a Monday.

If Barnes the butler taught Murray the secret of dealing with other people, it was Sir Arthur Conan Doyle who inspired his fascination with authors.

"During one of my holidays from school, when my grandfather was ill, Conan Doyle called in with new stories which we published as *The Casebook of Sherlock Holmes* in 1927. He treated me with such courtesy as though I was a grown-up, asking me to let him know if anything more was needed, that I fell under his spell. If this is an author, I said to myself, what fun to be a publisher!"

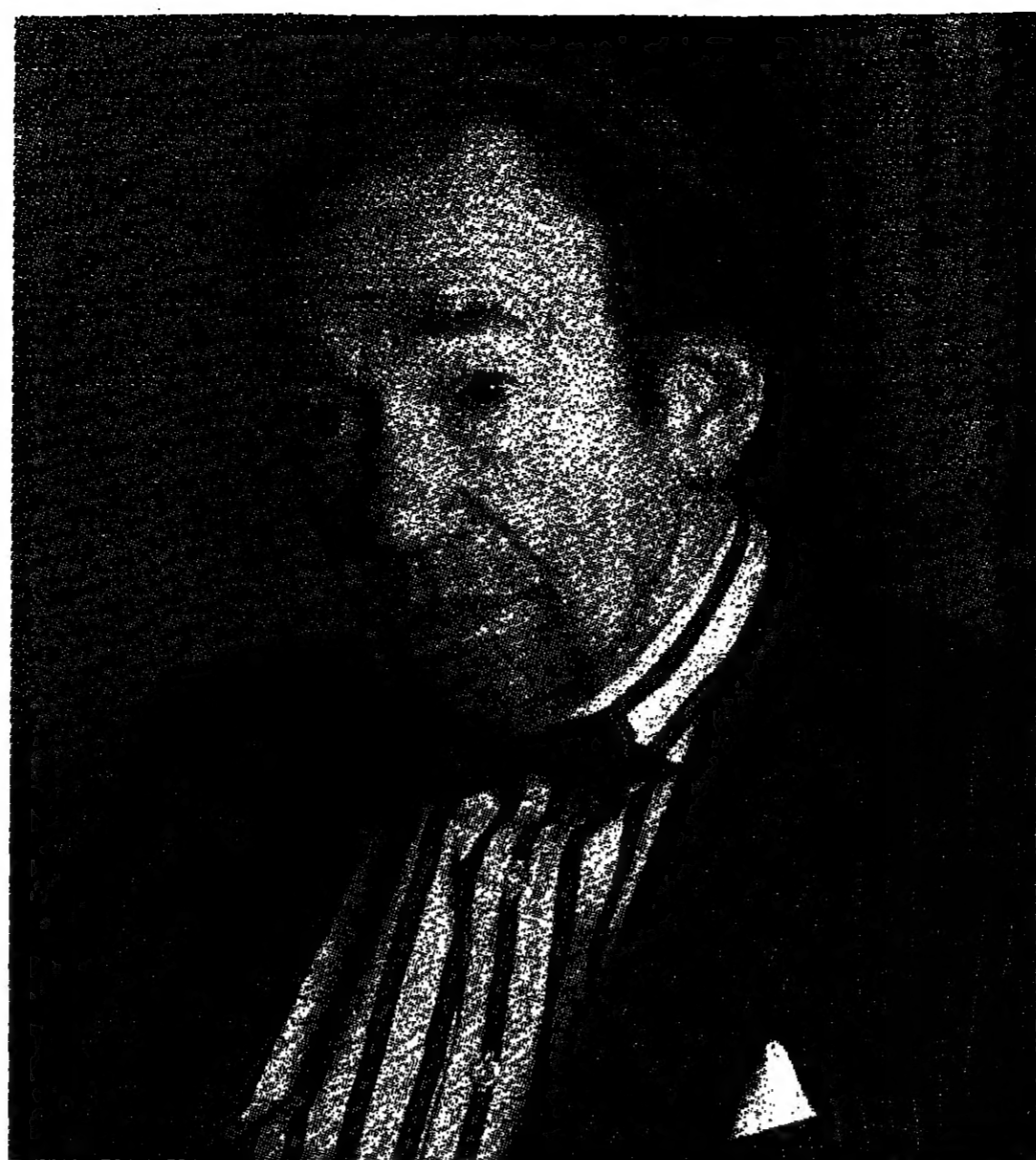
Taken on as "slave and bottlewasher," he trained as a printer during the holidays with John Giffings of the Golden Cockerell Press in Berkshire.

"I can thus claim to be the only publisher, indeed the only printer, to have typeset in the nude" (Murray cannot contain it now)

**'I can thus claim to be the only publisher, indeed the only printer, to have typeset in the nude'**

which I thought was unfair. Because when he had nothing on he appeared to be wearing a fur coat." A triumphant snort rounds off the story.

Jock Murray steps in and out of the past as easily as you or I will walk from room to room. The house in Albemarle Street, looking today much as it did when John Murray II bought it in the early 1800s, is suffused with ghosts - in particular, of course, the ghost of Byron, whose collected letters and



Trevor Humphries

Journals Murray edited with Leslie A. Marchand and whose tendency to interrupt the conversation he has consciously to resist.

"Deceased authors can keep publishers on their toes even more than living ones - in our case particularly poets beginning with B." (Byron, Browning and Beethoven).

He said Byron's request from Italy for Edinburgh powder had an echo when Freya Stark wanted nail polish and medicines from South Arabia. John Murray III's farsighted purchase of the remainderd copies of Darwin's *Voyage of the Beagle* which led to the *Origin of Species* was echoed later on in the reprint of Kenneth Clark's *Gothic Revival*.

There was Iris Origo, who wrote asking for typed copies of her own illegible letters; and Axel Munthe, author of the best-selling *The Story of San Michele*, "who taught us to be patient, since he wrote one book every ten years"; and Osbert Lancaster "whose typing went on long after the paper had passed the point of impact."

He recalled, too, being sent by George Bernard Shaw to discuss the editing of some letters Shaw had sent the abbess of a convent.

"I was terrified. The lay sister asked me to wait. When she led me through she turned stonily and said: 'Oh, Mr. Murray, you are accustomed to talking through a double grille, aren't you?' And I

said: 'To tell you the truth, I'm not and I'm terrified.' 'Oh, she said (with a Worcestershire accent), you needn't worry about that. They're not like them Carmelites what have spikes on their grilles.' However, I discovered that you can say what you like through a grille. I even thought of putting one up in here for talking to authors."

As you would expect of the head of an old family business in a world of conglomerates (the chairmanship has passed to his son, John VII),

Murray regrets what he calls the loss of contact and continuity between publisher and author. Without that, he said, "Well, we should just be sausage-machines."

What has money done to publishing and writing? "I think money has destroyed quite a number of authors, because it has all seemed so easy and because they haven't had the stamina." Today's promotional tournaments could be terrible, he added, because it was so hard on the authors not promoted.

Big-money publishing was a problem for the established companies, too, which had to watch while authors new and old, were seduced with advance royalties that had no chance of being recouped.

"Once, you could publish three or four losers before one gain. Now you have to be very devoted to stand that."

"Publishing has burdens. But when a publisher admires and believes in an author, the burdens, in the words of Jeremy Taylor speaking of matrimony, are delightful." Do you remember his sermon? Or, in that hymn the words of George Herbert: the drudgery is divine.

I pressed Jock Murray to say how he would wish to be remembered. He thought for a while and replied: "That during my life I was able to stimulate authors to create of their best. And, proud of that as I was, I could still feel modest and genuinely be so... and that having given up thought of being a great author, I was the next best thing."

## Hubble bubble I see trouble

Michael Thompson-Noel

YOU may not believe this, but for reasons mysterious I enjoy one of the highest security ratings used by the White House. I used to be on Level Eight, which meant that I was told about small wars and famines. Then it went to Nine - large wars and banking crashes, plus religious speculation. And then it went to Ten.

The things we get to hear about on Level Ten are secrets so stupendous that they can only be vouchsafed to an audience of seven: President George Bush, the chairman of the US Joint Chiefs of Staff, the top man at NASA, ditto NATO, the head of the World Bank, Chancellor Helmut Kohl - and me.

I am the odd one out, but try telling that to the intelligence major from the US embassy in London who delivers these secrets to me in a large green envelope. Good evening, Colonel Mike," he says. "Please sign here"

he hands me a clipboard and sign again here"

he flips the page over. He says: "Thankyou very much, sir," salutes surreptitiously, and silently disappears.

The White House is obviously confusing me with someone else. I can guess how it happened, but seem powerless to rectify it. The confusion has arisen, I strongly suspect, because in June 1977, Governor Julian M. Carroll commissioned me a Kentucky Colonel. I can prove it: I have a seal and letters patent. I shook hands with the governor in his office. I expect we drank a juice. Then he handed me a signed certificate. It stated: "I hereby confer this honor with all the rights, privileges and responsibilities thereto appertaining."

I thought no more about it - until the envelopes began arriving and I started my ascent towards Security Level Ten. I am crushed by the responsibility of it all - against at the way I find myself made privy to the world's biggest secrets.

It happened this week. There was a knock on the door. "Good evening, Col Mike," said my friend from intelligence. I took the envelope inside. Its contents shocked me, for they concerned the sudden activation of a tiny mechanism deep within NASA's Hubble Telescope.

Like millions of other earthlings, I had been excited by the Hubble launch and was eagerly anticipating the moment when it got its act together and peered back in time to the first billion billion billion billionth of a second after Big Bang.

In the event, of course, the telescope turned out to be such a wretched piece of scrap that it couldn't focus on the moon, let alone hamlets at the edge of the universe.

Until this week, that is, because it is now producing some astonishing data. I will not fatigue you with the math (I use my own decryption algorithms), but we on Level Ten have been told that, because of an obscure experiment, the Hubble telescope can see a year into the future.

The White House is in ecstasy. At Level Ten, the language in our briefing papers is invariably unemotional. But the paper I received this week was definitely cock-a-hoop. It was full of good tidings and comfort for good men. Here are some extracts:

"Thanks to the success of the 4-Sight experiment, the President has been informed that 1991 will be a year of peace and prosperity unparalleled in recent history. On January 7, Saddam Hussein announces full capitulation and takes early retirement. Iraq says that over the next decade it will pay \$150bn in reparations for its invasion of Kuwait and offences against humanity..."

"Everywhere, war becomes a non-word."

"Important cultural changes start to occur. The French declare that from mid-1991, they will stop getting up everyone else's noses. The Germans promise they will no longer terrorise fellow vacationers at Mediterranean resorts, and will court international popularity. Japan follows - suit, announcing it will give away \$200bn worth of cars and hi-fi. The Chinese leadership says it is going for a long swim, and never coming back..."

"Wall Street moves and slumps. On December 18 1991 the Dow Jones Industrial Average trades at 5,678.9 with no topside in sight. All moving averages overtake all other moving averages..."

And so it went on. At the bottom, George Bush had scribbled a personal message: "Happy days, Col Mike! The Hubble data corroborates my vision thing! Mike sends her love!"

It was on Wednesday that I received the Hubble briefing paper. Something did not ring true, but on Thursday I was distracted by FT meetings. These can last for hours. They are usually highly civilised. One person talks and 15 listen quietly. Sometimes we are served quiche. Whether they ever reach a conclusion I am afraid I cannot say, for halfway through one meeting I am asked to join another one and given a fresh slice of quiche.

Finally, I studied the Hubble diagrams. I was not a happy man, so I rang the White House.

"Hi there, Col Mike," said the president's most secret secretary. I told her I did not wish to alarm her but that I was nursing a growing doubt about the circuitry in the telescope's Eureka-buffer.

Yesterday, I rang again. I was put through to the president.

"Hi ya, Col Mike," said George Bush somberly. "Am I glad you called. You were absolutely right. That buffer thing is crazy. The data is really spooked. I've been triangulating all night with my scientific people and they okay your suspicions. What that telescope's got for brains is peanut-butter sandwiches. It can see into the future, but it muddies things up. What it should have been telling us is that it is going to be waggling. Definitely tarnation city! We've gone to red alert!"

"I am indebted to you, Colonel. I am promoting you this instant. If you're not ready for Level Eleven, I ain't the president."

## HAWKS &amp; HANDSAWS

announcing it will give away \$200bn worth of cars and hi-fi. The Chinese leadership says it is going for a long swim, and never coming back...

"Wall Street moves and slumps. On December 18 1991 the Dow Jones Industrial Average trades at 5,678.9 with no topside in sight. All moving averages overtake all other moving averages..."

And so it went on. At the bottom, George Bush had scribbled a personal message: "Happy days, Col Mike! The Hubble data corroborates my vision thing! Mike sends her love!"

It was on Wednesday that I received the Hubble briefing paper. Something did not ring true, but on Thursday I was distracted by FT meetings. These can last for hours. They are usually highly civilised. One person talks and 15 listen quietly. Sometimes we are served quiche. Whether they ever reach a conclusion I am afraid I cannot say, for halfway through one meeting I am asked to join another one and given a fresh slice of quiche.

Finally, I studied the Hubble diagrams. I was not a happy man, so I rang the White House.

"Hi there, Col Mike," said the president's most secret secretary. I told her I did not wish to alarm her but that I was nursing a growing doubt about the circuitry in the telescope's Eureka-buffer.

Yesterday, I rang again. I was put through to the president.

"Hi ya, Col Mike," said George Bush somberly. "Am I glad you called. You were absolutely right. That buffer thing is crazy. The data is really spooked. I've been triangulating all night with my scientific people and they okay your suspicions. What that telescope's got for brains is peanut-butter sandwiches. It can see into the future, but it muddies things up. What it should have been telling us is that it is going to be waggling. Definitely tarnation city! We've gone to red alert!"

"I am indebted to you, Colonel. I am promoting you this instant. If you're not ready for Level Eleven, I ain't the president."

## SPORT/CRICKET

## Cricket widow who hit back

I HAD JUST about given up hope of finding an English Test cricketer's wife willing to discuss life when the phone went the other day and a lady answered her cheerfully as Lois Small, ready and willing to talk. Indeed, positively keen to talk, such was her enlivened left on her own with her 18-month-old son Zachary while her husband Gladstone fights to find fitness and form in Australia.

Lois will be disappointed, but not soul-destroyed, if he fails, because she is Australian and has mixed feelings about this series. Her strongest feeling is boredom, followed by pride in her husband's achievements and hostility to the game that deprived her of his company seven days a week last summer and then, after only a few weeks' reprieve, for four months this winter and soon - after his return on February 20 and a break until April 1 - for the whole of next season.

Whether England or Australia win the Ashes is relatively unimportant. Talking to Lois Small was scarcely Test cricket from an angle of aggrieved neglect. She is sorry for all women who live with Test cricketers and pugnaciously in love with her Test cricketer, to whom she is married but with whom she reckons she can hardly be said to be living.

Recognising Lois Small at Birmingham New Street was simple. She was carrying a biscuit-coloured, curly-haired child with his father's ear-to-ear smile. I suppose I might as well say at once, to get the subject out of the way and save Lois her annoyance at peoples' fascination with it, that Zachary does have a heck of normal length.

Lois could not resist volunteering an account of how she once dealt with someone using Gladstone's neckless physique as a weapon of abuse against her. She is slight and slender. She was watching Gladstone playing cricket at Melbourne, trying to show a bit of interest in the game. She was in the members' pavilion, behind a beer idiot who, she says, maintained a torrent of racist abuse about Gladstone; the better Gladstone bowled, the more vicious and neck-centred the abuse, calling him a

"...ing nigger... neckless coon." Eventually Lois tapped the offender on the shoulder and warned him that if he made one more abusive remark about her husband, she would make him pay for it. He reacted by dropping the abuse to even cruder levels. She tapped him on the shoulder again and this time when he turned round, thumped him on the nose, which responded with a gratifying symphony of cracks and rattle.

Being married to a black cricketer and living near Birmingham has taught Lois to develop hully her natural instinct for independence. She rather relishes describing the sink-or-swim nature of her position.

"The way to survive is to do your own thing."

**Teresa McLean talks to Lois Small on life with a Test cricketer**

Lois's own thing? "Arranging hostesses for conferences, through a company I founded, called Mine Hostess."

I bet. Lois is slim, with highlighted hair, and looks on easy terms with the world. She said she gets into such a rhythm of her own without Gladstone that it is quite hard to adjust when he comes back, though she obviously misses him and they talk on the phone whenever possible. I was not surprised to hear that her ambitions for Zachary exclude cricket. "There's no money in ordinary county cricket and no-one in their right mind watches it. It's a dead dreary bankrupt non-event. Much better go for golf or tennis."

Gladstone, I was assured, agrees with her about county cricket, and if he does not establish himself as a regular Test cricketer will think of something else to do. Apparently, he likes Australia and gets on well with the Australians. This is his favourite tour, as it is Lois's, so the Smalls find themselves in the slightly odd position of Gladstone, born

in Barbados and brought up in England, quite liking the idea of living in Australia while Lois, born and brought up in Australia, feels "quite Anglicised" and prefers it over here.

They live in Worcestershire while Gladstone plays cricket for Warwickshire. On his occasional days off, he plays golf at the local club and keeps his hand in at West Indian cooking, for which he has a lively talent.

Lois showed me the hilly pasture behind their house, complete with two horses and two dogs - a way of life she enjoys and values for occupying her while her husband plays himself to extinction. I asked if there was anything arranged to help Test wives manage - meetings, entertainments or the like - and she gave a grim little laugh before saying no.

She is friendly, but not intimately friendly, with some of the other Test wives, whom she has only limited opportunities to meet. A high proportion are divorced or separated and, not surprisingly, the few happily married ones, such as Alice Hemmings, Brenda Gooch and Alison Russell, take care to lead private lives.

Lois was well into her stride by now and made it clear in bloodthirsty terms that it is not much fun if you try to help yourself by joining the tour, as she was just about to do. Wives are tolerated, not encouraged.

"Get this in. This is hard to believe. Until the last Australian tour women were not allowed to have Christmas lunch with their husbands."

When I talked to Lois, she could not wait to get out there, but that was largely because she was going home, where her parents would spoil her and look after Zachary while she caught up with old friends. Gladstone, she said sadly, would be plying cricket almost every day of her two-month stay, with only Christmas Day and January 2 off. He likes touring better than she does.

Nonetheless, given that she was due to fly out the day the snow settled heavily on Birmingham and Gladstone badly strained his thigh muscle, I dare say she would not be pleased to fight her way out there only to find Glad-



stone about to be flown back to Britain. The question of wives, specially wives with children, joining touring parties is a slightly more difficult one than Lois can see. Conservative thinking is that if wives are allowed to join tour parties, famocies will soon have to be allowed, and then what about girlfriends about to become fiancées? Travel is easier nowadays, which lets problems associated with travel flourish in complicated abundance.

This is not a line Lois has much time for.

English cricket is not distinguishing itself in Australia but Gladstone, says his wife, is optimistic, as are his teammates, that English cricket will recover. One of her final remarks gave just a hint of some of the possible complications and changes of atmosphere that might surround England's beleaguered game when women like Lois join their husbands on tour.

"If I played cricket, which God forbid, I'd be a Dennis Lillee with snorting nostrils, breathing fire as I charged in to bowl. But Gladstone is not like that. He's a quiet and steady bowler. It's too boring for words."

There was just one subject on which she had no hesitation in being even more discouraging.

"The only thing worse than cricket is cricket journalists. They're the real, the ultimate pain."

We laughed ourselves legless.

## Down Under but not out

IN THE 19th century the Australian town of Ballarat was the centre of the Victorian gold rush: prospectors came from far and wide to strike the rich veins that would leave them comfortable for life ever after.

English cricket teams have arrived in search of another illusive commodity - form.

The four-day match against Victoria is England's last chance to add some lustre to its performance before the Melbourne Test, starting on Boxing Day, and the Sydney Test five days later.

Injuries and loss of form aside, England have not been helped by their itinerary since the British Test when, going into the third day, Graham Gooch's side had every chance of snatching a win only to collapse against Terry Alderman.

When the English take the field at the MCG on Wednesday they will have played four four-day games, one Test - which lasted just three days - and 12 one-dayers.

And, of course, there is the question of selection policies. The Australians are firm believers in giving a player a "fair go."

The Australian players and press were bemused by the English selection during last year's Ashes series. "You need to sit down with the selectors and name the blokes you're going to stick with for three or four years. You pick your best 15 or so and stick with them," says Border.

"I was in England when the West Indies were running riot and it's the worst thing to do them and also against us last year. There's no continuity and there's no chance of developing any sort of camaraderie in the team. Everyone feels like they are playing for their place all the time and that's not the way to get the best out of a side."

But Border is not about to dismiss the role of the captain and identifies Gooch's absence as the key factor in England's disappointing start to the tour.

"His absence has been much more dramatic than meets the eye. If he gets the side off to a good start then the team is much more confident. There's still a lot of cricket left this summer. People forget that we have only played one Test and England could get up in Melbourne."

field Shield and county cricket and has been in Gooch's position of captaining a side in the doldrums and trying to rebuild.

One of the first things he noted during our discussion was the amount of cricket played during the England season. With characteristic understatement he described it as just "a fraction too much."

In Australia there are only 30 Shield matches involving the six cricketing states. A batsman has 20 innings a year in which to make his mark. They have to perform to a high standard to get noticed. And they play four-day games.

"If county cricket goes into a four-day format you'll slowly but surely get new good cricketers," according to Border.

"With three-day cricket you get wickets prepared for a result or you have to rely on declarations. That isn't really necessary for us."

And, of course, there is the question of selection policies. The Australians are firm believers in giving a player a "fair go."

The Australian players and press were bemused by the English selection during last year's Ashes series. "You need to sit down with the selectors and name the blokes you're going to stick with for three or four years. You pick your best 15 or so and stick with them," says Border.

"I was in England when the West Indies were running riot and it's the worst thing to do them and also against us last year. There's no continuity and there's no chance of developing any sort of camaraderie in the team. Everyone feels like they are playing for their place all the time and that's not the way to get the best out of a side."

But Border is not about to dismiss the role of the captain and identifies Gooch's absence as the key factor in England's disappointing start to the tour.

"His absence has been much more dramatic than meets the eye. If he gets the side off to a good start then the team is much more confident. There's still a lot of cricket left this summer. People forget that we have only played one Test and England could get up in Melbourne."

Jason Steger